



GOVERNMENT OF HARYANA

Policy and procedure for procurement, replacement and disposal of old and obsolete Telecommunications & Computing/ IT products, Electronics items etc.

ELECTRONICS & INFORMATION TECHNOLOGY DEPARTMENT

Policy and procedure for procurement, replacement and disposal of old and obsolete Telecommunications & Computing/ IT products, Electronics items etc.

A. Procurement entitlements:

1. The revised financial limits/ entitlements for procurement of mobile phone instruments and the recurring user charges are governed by the instructions issued by the office of Chief Secretary to Government of Haryana from time to time. As for the computing equipment's, these limits are fixed as under:

Sr. No.	Item	Entitled categories	Existing Limits	Revised Limits
i)	Laptops/Note book/Ultra-book/chrome-book/convertible/Note pad/ tablets/ phablet or devices of similar categories.	All Ministers, CPSs and MLAs, Group A class of officers of All India Service and State Service.	Rs. 70,000/-	Rs. 1,00,000/-
		Class-1 and II officers of IT cadre or in involved in the preparation and implementation of IT plans of the Departments.	-	Rs. 50,000/-
ii)	Desk-tops/All in One	All Ministers, CPSs and MLAs, Group A class of officers of All India Service and State Service	Rs. 60,000/-	Rs. 70,000/-
		Class-1 and II officers of IT cadre or in involved in the preparation and implementation of IT plans of the Departments.	Rs. 35,000/-	Rs. 40,000/-
iii)	Laser Printer-cum-Scanner-cum-Fax-cum-photocopier (Multi-functional Devices)	All Ministers, CPSs and MLAs, Group A class of officers of All India Service and State Service.	Rs. 20,000/-	Rs. 21,000/-
	Laser Printers	Class-1 and II officers of IT cadre or in involved in the preparation and implementation of IT plans of the Departments.	-	Rs. 10,000/-
iv)	UPS	All categories	Rs. 5,000/-	Rs. 5,500/-
	Notes: 1. UPS will be procured only with the Desk-tops; 2. The above price limits are inclusive of all taxes, peripherals and the AMC, wherever applicable.			

2. The items covered under Category-I, being petty purchases as explained in the following paragraphs, may be procured by the concerned departments/ organizations at their own level. As regards the procurement of other items, the guidelines issued vide letter bearing No. 3/20/2000/3SIT/2553 dated 18.08.2006 shall remain operative. The Departments/ organizations shall continue to procure the above items through HARTRON unless one is able to obtain prices better than those offered by the HARTRON, including their consultancy charges, subject to the same specifications and other terms and conditions e.g. the warranty and AMC being identical. Wherever the Government Departments/ PSUs/ state funded Universities decide to make their purchases on their own,

HARTRON shall be duly notified so as to enable them to compulsorily participate in such bidding process.

3. Keeping in view that the laptops/Note -book/Ultra- book/chrome-book/convertible/ Note pad/tablets/phablet or devices of similar categories purchased at government expense are assigned to the entitled users in their individual capacity, the users may purchase such devices of higher value subject to the condition that the reimbursement by the Government would be limited to the upper ceiling prescribed for such item, and the balance amount would have to be paid by the concerned officer from his own pocket.

4. Wherever the officers are entitled to a Desk-top at their camp offices maintained at the residence, same principle as in the case of laptops/Note -book/Ultra- book/chrome-book/convertible/ Note pad/tablets/phablet or devices of similar categories would be applicable in the case of Desk-tops also.

B. Useful life of various Items and replacement

1. Depending upon the nature, usage, maintenance cost, obsolescence in terms of technology, up gradation of technology etc., the related items are classified in following categories for the purpose of disposal of these items :-

Category	Nature	Items	Useful/Productive Life
I	Immediate obsolescence/ use and throw products	Printing Consumables (Ink Toners), Floppies, CDs, DVDs, Digital Audio Tapes (DAT), Linear Tape Open (LTA), UPS Batteries	As per usage. No residual value determined. However, proper inventories of purchase, issue and final use/ disposal etc. would be maintained in order to keep an accounting system.
II	Low life/ Fast obsolescence products	Mobile Phones Laptops/Note -book/Ultra-book/chrome-book/convertible/ Note pad/tablets/phablet, Pen Drive, External Hard Disk Drive (HDD) etc.	Two years Three years in case of Laptops/Note -book/Ultra-book/chrome-book/convertible/ Note pad/tablets/phablet, Pen Drive, HDD etc. for replacement. Residual values determined separately.
III	Medium obsolescence/ Medium life products	Desktops, Printers, Multi-functional Devices (MFDs), Scanners, Multi-media Projectors, UPS Systems etc.	Five years for replacement.
IV	Slow obsolescence/ long life products	Fax. EPABX, Electronic items such as cameras, TVs, DVD Players, Public Address Systems, Electronic Calorie Meter, Electronic Thaw Unit, Sterilizers etc.	Seven years
V	Software	Software like MS office, Oracle, MS-SQL, MS-Windows, Antivirus etc.	Please refer to the explanation given under para 2(v) below.
Note:	The above mentioned items can be used beyond the mentioned/ specified life till such time these items continue to serve the purpose.		

2. **Explanatory Notes on the items, as mentioned in the table, are given below:**

i) **Category-I: Use and throw products:** These products have no fixed life and can be used till these are consumed or are under replacement warranty (like SMF batteries are covered under 1 year replacement warranty from the manufacturer). However, the user departments must maintain proper inventory of purchase, issue and disposal thereof so as to ensure prudent official use of these items.

ii) **Low life products:** The general useful/ productive life in the case of products/ items in this category would be two years in the case of a Mobile Phone Instrument and three years in the case of laptops and other items mentioned therein for replacement purposes. However, one may use the same for longer period so long as the item/ equipment serves the purpose.

iii) **Medium life products:** The useful/ productive life of products in this category is fixed at 5 years even though the products can be continued to be used for longer period in an organization/ department, being a multiple level of usage in terms of level of works to be done like Software development/ testing, Data Processing, Information searching, Word processing etc. Accordingly, the life of these products is fixed as five years for replacement purposes. However, one can use the equipment for longer period so long as it fulfills the user requirements.

iv) **Long life products:** It has been observed that these products can be used for more than 5 years due to comparative stability in specifications/ services. Accordingly, the replacement life of these products is fixed as 7 years. However, one can use the same for longer periods so long as these products serve the user requirements.

v) **Software:** Purchase of software can be booked as a one-time office expenditure. The old software can be upgraded into latest version by taking the benefit of old purchase in case scheme is available from the developer/ principal Company. In the alternative, latest software can be purchased and in that case the residual value of the old software can be treated as NIL. The old software can be donated to the State/ Central recognized service Organizations.

C. **Rates of Depreciation and the Residual Value:**

1. The rates of depreciation and the method of working out the residual value of these store-items is explained in the following sub-para:

i) No residual value is being assigned for **Category-I** items. However, the non-consumable items can be transferred to HARTRON at zero value for electronic waste management purposes.

ii) **Category-II Items**

a) The Bill Values and the illustrative depreciation rates/ amount for Mobile Phones, and Laptops Note -book/Ultra- book/chrome-book/convertible/ Note pad/tablets/phablet & other items in this category are given in the following table:

Sr. No.	Items	On completion of				
		Year-1	Year-2	Year-3	Year-4	Year-5
II	Mobile Phones	60%	60%	75%	100%	
	<i>Bill Value</i>	<i>Illustrative Residual value</i>				
	Rs. 25,000/-	10,000/-	4,000/-	1,000/-	Nil	
	Rs. 20,000/-	8,000/-	3,200/-	800/-	Nil	
	Rs. 12,000/-	4,800/-	1,920/-	480/-	Nil	
	Rs. 8,000/-	3,200/-	1,280/-	320/-	Nil	
	Laptops/ Note-books/ HDD/ Pen-drives	40%	50%	70%	80%	100%
	<i>Bill Value</i>	<i>Illustrative residual value</i>				
	Rs. 1,00,000/-	60,000/-	30,000/-	9,000/-	1,800/-	Nil
	Rs. 70,000/-	42,000/-	21,000/-	6,300/-	1,260/-	Nil
	Rs. 50,000/-	30,000/-	15,000/-	4,500/-	900/-	Nil

b) The Government policy permits the entitled class of users to purchase the equipment's in the above categories at prices higher than the permissible limits subject to the re-imbursement restricted to the prescribed limits. While calculating the residual value of the equipment, only the amount of permissible limits shall be taken into account and the amount spent by an user in excess thereof at the time of purchase shall not be considered.

c) The entitled users can seek the replacement of a Mobile Phone on completion of two years period from the date of purchase of the equipment and on completion of three years period after the date of purchase in the case of a laptop/ note-book.

d) The laptops/Note -book/Ultra- book/chrome-book/convertible/ Note pad/tablets/phablet and the printers (MFDs) issued to the MLAs would be non-returnable.

e) Whenever an entitled user seeks to replace his item in this category on completion of the prescribed period, he has the option to either return the used/ old equipment to the Department or retain the same for his personal use at the residual value calculated in accordance with the above matrix. This option would also be available in the case of retiring officers/ entitled users.

f) In cases where the entitled users in the category of retiring officers opt to retain the said equipment for their personal use before completion of the prescribed period, the residual value of the equipment would be worked out as per the following table:

Sr. No.	Bill Value in Rs.	Period	Method of working out the residual value
a)	Rs. 25,000/- (Mobile Phone)	09 months from the date of purchase	Depreciation amount for the first year year is Rs. 15,000/-. The depreciation amount of the Mobile Phone will be Rs. $15000/9 =$ Rs. 11,250/-. Hence the residual values after 09 months will be taken as Rs. 13,750/- on completion of 9 months period.
		15 months	Residual value at the end of 12 months is Rs. 10,000/-. Hence, on completion of 15 months period, the residual value of the equipment will be Rs. 7,500/-
b)	Rs. 70,000/- in case of a laptop/Note book/Ultra-book/chrome-book/convertible/ Note pad/tablets/phablet	One year and six months	The calculation for the period after completion of the year will be equal to the amount derived on monthly basis by dividing the amount of depreciation during the corresponding year. For instance, the depreciated value of a laptop at the end of year-1 is Rs. 42,000/-. The depreciation in this case after completion of six months in year-2 will be Rs. 10,500/-. Hence, the depreciated value of the laptop on completion of 18 months will be Rs. 31,500/-.

g) In case a laptop is used for 4 years by an entitled user without seeking a replacement with a new laptop, there would be no need to return/ deposit the same in the store and it would be written off from the books as the value of the said item would be negligible. However, in case the laptop is replaced with a new laptop after 3 years but before completion of 4 years, the residual value of the old laptop will be calculated as per the depreciation rates given in the matrix.

iii) **Category-III (Medium life products):**

a) The depreciation rates for IT products in this category of items would be as under:

Sr. No.	Items	Rate of Depreciation on completion of Year					
		1	2	3	4	5	6
i)	Desktops, Printers, Multi-functional Devices (MFDs), Scanners, Multi-media Projectors, UPS Systems etc.	40%	45%	50%	60%	70%	90%

b) To illustrate, year wise Depreciated Value of the products in this category under WDV method is as follows:

Sr. No.	Description	Bill Amt. (in Rs.)	Depreciated Value on completion of Year					
			1	2	3	4	5	6
i)	Desk-top	60000	36000	19800	9900	3960	1188	119
		35000	21000	11550	5775	2310	693	69
ii)	Laser Printer	10000	6000	3300	1750	580	174	17
iii)	UPS System	5000	3000	1650	825	330	99	10

c) In case an item in this category has been used for a period of 5 years, it may be allowed to be retained by the officers/ officials at the residual value of the products for

their personal use or transferred to the HARTRON at zero value. On completion of 6 years life of the product, it may be allowed to be given to the officers/ officials at 'zero' price or transferred to HARTRON at 'nil' value for electronics waste management as the residual value at the end of 6 years period is negligible. However, a proper inventory would be maintained for the purpose.

iv) **Category-IV (Long life products):**

a) These products can be disposed of after 7 years or more as per the table given below. The depreciation rate for these products with WDV method is as under:-

Sr. No.	Items	Rate of Depreciation on completion of number of years						
		1	2	3	4	5	6	7
i)	FAX/ EPABX/ Electronics items etc.	15%	20%	30%	40%	50%	65%	80%
Illustrative depreciated value								
ii)	Invoice Amt. Rs. 20,000/-	17000	13600	9520	5712	2856	1000	200

b) The items in this category may be transferred to HARTRON at 'nil' value on completion of 7 years of life for the purposes of waste management.

v) **Category-V-Software:**

Purchase of software can be booked as one time office expense. The old software can be upgraded into latest version by taking the benefit of old purchase in case scheme is available from the developer/ principal Company, otherwise latest software can be purchased and the value of the old software can be treated as NIL. The old software can be donated to the State/ Central recognized service Organizations.

D. Method of condemnation:

i) All the Telecommunication/ IT/ Electronics equipment's covered under these instructions are procured with a prescribed warranty/ replacement period and the AMC period, where the purchase order is so designed. No replacement of any of the IT Products/ equipment's would be permissible so long as it is within the stipulated replacement or repair warranty period or the AMC period built in upfront at the time of purchase order.

ii) The minimum life for condemnation of the equipment would be followed as defined for each category separately. However, in case any product gives frequent problems before attaining its minimum recommended life or goes badly out of order and repair/ Maintenance cost is not economically viable (i.e. where the repair costs exceed the depreciated residual/value of the item), such items can be condemned with the recommendation of a Technical Committee to be constituted for the purpose;

iii) A Technical Committee for condemnation of these store items shall be constituted by the respective Departments/ Organizations located at Chandigarh/ Panchkula with one technical expert from NIC, Haryana and one representative from HARTRON. Similarly, the field level Technical Committee shall be constituted by the respective Deputy Commissioners with one Technical expert from the NIC and another IT professional deployed with any departmental office.

iv) Further, Laser printers are now available with better speed at lower price having less running cost with 1 year/ 3 years warranty. The old laser printer can be replaced with new laser printers in case repair cost plus cost of toner, drum and estimated AMC cost are equivalent or even 80% of the cost of new laser printers of the equivalent or better specifications. The approach suggested for replacement of laser printers can also be adopted for other items of similar nature like Scanner, Photocopier and Fax etc.

v) In addition to the above, all the Departments/ Organizations would have the discretion to purchase new products in lieu of old/ obsolete items under buy-back options through HARTRON, wherever available.

E. Disposal of condemned items

1. The items covered under these instructions, once condemned, may be disposed off in the following manner:

i) Wherever the items have completed their minimum prescribed replacement period, or the retention period in case of retiring officers, the same may be allowed to be retained by the concerned officers at the depreciated value;

ii) The items, once declared fit for condemnation or declared unfit for continued use in the Government offices, may be offered to the employees working in the Government offices/ PSUs at the depreciated value or 'zero' price as applicable in each category. In case more than one persons are interested for the same item, it may be allotted by holding a draw of lots;

2. Wherever no Government/ PSU employees come forward to purchase/ take such items, these would be disposed off as under:

i) A central store would be set-up by HARTRON at ERDC, Ambala Cantt. for the disposal of condemned/ old stores and HARTRON would dispose of the items on a quarterly basis at the rates to be invited through Press Tenders or from empanelled vendors. The depreciated value of the items would generally be retained as the Reserve Price, unless fixed lower by the Technical Committee for reasons to be recorded in writing and shall be retained by Hartron. Likewise, a common store will be created in each district for disposal

of old items on quarterly basis through the District IT Society functioning in each district under the Chairmanship of concerned Deputy Commissioner.

ii) HARTRON/ District IT Society, as the case may be, would be entitled to retain the proceeds from disposal of such items in lieu of their handling and storage charges in respect of all the items transferred to HARTRON/ District IT Society after condemnation or otherwise at 'nil' price;

iii) The concerned departments/ organizations, in any case, would maintain the inventory of all purchases and disposal of all these items;

iv) The concerned Departments/ organizations shall be required to submit the details of its condemned stores to Hartron/ District IT Society in the following proforma:

Sr. No.	Description of the Item	Invoice date	Invoice value (in Rs.)	Qty.	No. of years from the date of invoice	Depreciated Value (in Rs.)

v) In cases where bids are not received for disposal of the items at reserve price, the old items, which may still be usable, can also be considered for donation to State/ Central Govt. recognized services organizations/ NGOs and a certificate shall be issued in this behalf.

3. Treatment of Sales Tax:

Wherever any item is allowed to be retained by an entitled officer/ official or so allotted to them gratis on completion of the useful life or transferred to HARTRON gratis in terms of these guidelines, it does not amount to sale and no sales tax would be payable thereon. In cases where an item is sold/ transferred to an officer/ official/ at the depreciated value, it amounts to 'sale' and attracts payment of sales tax by the concerned department. The depreciated amount payable by officer/ official in such cases in accordance with these instructions would be inclusive of the sales tax and the concerned owner department would be required to deposit the applicable amount of sales tax with the Department of Commercial Taxes.

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