

No.43(5)/2015/D(QA)
Ministry of Defence
Department of Defence Production

Sena Bhawan, New Delhi,
dated 24.03.2017

With a view to promote ease of doing business to achieve national vision of 'Make in India', it has been decided to institute a mechanism for awarding Green Channel Status to firms having pre-defined financial and quality credentials for broad categories of items having continuous requirement/ mass consumption in Defence Forces.

2. Accordingly, a Green Channel Policy has been formulated by the Department of Defence Production with the approval of Hon'ble Raksha Mantri. A copy of the same is forwarded herewith for information and necessary action.

3. The Green Channel Policy provides for eligibility criteria of firms for grant of Green Channel Status, constitution of Green Channel Committee, Registration fee, submission of Bank Guarantee, validity/renewal of Green Channel Certificate, punitive clause for recurring defects, Defect Investigation etc.

4. A firm granted Green Channel status by any department of Ministry of Defence, will be honored by all procurement agencies under MoD.

Kiran
(Kiran Mala Kujur)

Under Secretary to the Govt. of India
Tclc : 23013033

- | | |
|---------|---------|
| 6969 | 21/3/17 |
| DATE TO | DATE |
1. Vice Chief of Army Staff
 2. Vice Chief of Air Force Staff
 3. Vice Chief of Naval Staff.
 4. Director General, Acquisition.
 5. Chairman, OFB.
 6. DGQA
 7. DGAQA.
 8. DQA(N).
 9. MGO.
 10. DGOS.
 11. DGEME.
 12. AOM, Air HQrs

13. COL, Naval HQrs.
14. Defence PSUs.

Copy for information to:-

1. PS to RM
2. PS to RRM.
3. Sr PPS/PPS/ PS to Def Secy / Secy (DP) / Secy (Def/Fin) / AS(DP) / AS(R) / AS(J) / JS(LS).
4. Dir(P&C) with a request to upload the above documents alongwith its enclosures on the website of Department of Defence Production.
5. Guard File.

**GREEN CHANNEL POLICY FOR PROCUREMENT OF DEFENCE STORES
AND SPARES**

1. In order to promote ease of doing business to achieve the national vision of 'Make-in- India, it has been decided to institute a mechanism for awarding Green Channel status to firms having predefined financial and quality credentials.
2. Accordingly, eligible firms may apply for grant of Green Channel status for broad categories of items having continuous requirement/mass consumption in Defence Forces. Grant of Green Channel Certificate will provide deemed registration status, waiver of pre-dispatch inspection and acceptance of stores under supplier's guarantee/warranty against the contracts concluded by various Procurement Agencies under Ministry of Defence.
3. **Eligibility Criteria.** Following categories of firms having an annual average turnover of Rs.1000 crore (Rupees One thousand crore) or more during last three years and making profit in at least three out of last five years shall be eligible for green channel status:-
 - (a) Indian firms/Public Sector Undertakings
 - (b) Foreign firms having manufacturing facility in India.
 - (c) OEM outsourcing the products in their own name/brand.
 - (d) OEM having wholly owned Indian subsidiary having manufacturing facility in India (even if the Indian Subsidiary does not comply with laid down turnover and profitability criteria).
4. All firms fulfilling the above Eligibility Criteria shall be considered for Green Channel status and will be allowed to self-certify specific products. However, Critical Stores, meant for air-borne applications that are governed by airworthiness certification and QA regulatory requirements, shall be excluded from the provisions of supply under their own certification. Criteria/parameters for granting green channel status for such stores shall be decided by DGAQA/CEMILAC.
5. The eligible firms will be required to submit applications and associated documents as per format given at Annexure-I, II and IIA.
6. Green Channel Status will be granted for specific products. OEMs shall take full responsibility for the quality of such products as well as those of their Indian subsidiary and channel partners.
7. The Green Channel Firms shall abide by the terms and conditions stipulated in the contract and the governing technical specifications of the products.

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8. Indenter reserves the right of Pre-Dispatch Inspection (PDI) after recording the reasons thereof.

9. Joint Receipt Inspection (JRI) may be carried out as per existing procedure in vogue at the discretion of Indenter.

10. **Green Channel Committee**

(a) Green Channel Committee will constitute following:-

Chairman : ADGQA (concerned Dte)/ADGAQA

Members:-

- (i) DDGQA/Controller/Principal Dir/Dir
- (ii) DDG/Director (Concerned Purchase Dte)/PD (Procurement)
- (iii) DDG/Dir (User Dte/PD(Concerned Maintenance Cell) / Officer (User Dte)
- (iv) Any other co-opted member

(b) The Committee shall consider all the issues related to Green Channel including grant of Green Channel status, revision of items under green channel.

(c) The Committee or its authorized representative may visit the manufacturer's facility to verify ongoing production line and to inspect the product. However, such visits may not be necessary during the validity period of Green Channel certificate.

11. The competent authority for grant of Green Channel status will be DG, DGQA/DGAQA.

12. The compendium of Green Channel Firms/items along with Cert No., and its validity shall be placed and updated periodically on the website of both the DGQA/DGAQA. The Green Channel status of the firms/items may be reviewed by the Committee as and when required.

13. **Registration Fee.** The firm will submit an account payee demand draft drawn in favor of 'Principal Controller of Defence Accounts', New Delhi, for Rs. 1.00 lakh (Rupees One lakh) plus service tax as applicable towards onetime non-refundable registration fee for Green Channel certification.

14. **Green Channel Bank Guarantee.** All firms granted Green Channel certificates will be required to deposit an irrevocable bank guarantee of Rs. 50.00 lakh (Rupees Fifty lakh only) as security deposit with concerned registering Dte of DGQA/DGAQA.

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The Bank guarantee shall be made in favour of 'Principal Controller of Defence Accounts', New Delhi, from any Indian Scheduled or its affiliated Banks with validity of 39 months.

15. **Validity/Renewal of Green Channel Certificate.**

- (a) The Green Channel Certification will be valid for a period of five years from the date of issue/renewal.
- (b) Application for renewal should be made 90 days before expiry of validity period.
- (c) Original Green Channel status shall remain deemed valid provided the renewal has been applied at least 90 days before expiry and Rs 50 lakh of bank guarantee has been extended.
- (d) The renewal will be based on satisfactory feedback from the user.

16. **Customer Feedback.** All the customer complaints shall be brought to the notice of the Committee. In case of recurring defects during exploitation/ defect investigation, the Green Channel Committee may propose one or both of the following penal action:-

- (a) Monetary penalty of upto Rs.50 lakh.
- (b) Removal of the company from Green Channel list for a minimum period of three years.

17. **Defect Investigation.** Green Channel firms may be called upon by the DGQA/DGAQA to participate in Defect Investigations in respect of their products as and when the need arises.

18. **Applicability.** A firm granted Green Channel status by any department of Ministry of Defence, will be honored by all procurement agencies under MoD.

19. The Government reserves the right to review the policy and make changes as deemed necessary.

APPLICATION FORM FOR GRANT OF GREEN CHANNEL STATUS

(To be given on the letter head of the Applicant Firm)

To,

The Director General of Quality Assurance/
The Director General of Aeronautical Quality Assurance
'H' Block Nirman Bhawan PO
New Delhi-110011

1. Name and Address of the Applicant firm:
(Indicate full address of their Head Office notified with the relevant authority)
2. Name and address of the OEM (Original Equipment Manufacturer):
(If applicant firm is not the manufacturer)
3. State whether Applicant firm is a (Please choose the applicable option):
 - (a) PSU (Public Sector Undertaking) : Yes/No
 - (b) Wholly owned Indian subsidiary of Foreign OEM : Yes/No
(If yes, attach documentary evidence)
4. Details of existing approvals/accreditation of Quality Management Systems are given below:-
 - (a)
 - (b)
 - (c)
 - (d)

5. Details of Products for which Green Channel facility is being sought:-

Sl. No.	Product	Production Facility
(i)		
(ii)		
(iii)		

6. Annual Turnover of the OEM for the last 3 year duly certified by Internal Auditor/Chartered Accountant:

Sl. No.	Year	Turnover in equivalent Rupees (at current exchange rate)
(i)		
(ii)		
(iii)		

7. Annual Profit/Loss of the OEM for the last 5 years duly certified by Internal/Chartered Accountant:

Sl. No.	Year	Profit/Loss in equivalent Rupees (at current exchange rate) (Indicate loss clearly wherever applicable)
(i)		
(ii)		
(iii)		
(iv)		
(v)		

8. Confirmation of Applicant firm:

We confirm that:-

- a) We shall submit a certificate duly certified by our Internal Auditor/Chartered Accountant at the end of each financial year evidencing and confirming that we /our OEM continue to meet the prescribed Eligibility Criteria of having an annual turnover of Rs. 1000 crore (Rupees one thousand crore) or more and have made profit in at least three years out of the



last five years, failing which the Green Channel Certificate is liable to be withdrawn.

- b) We are attaching herewith an Account Payee Demand Draft for Rs. 1.00 lakh (Rupees one lakh) + Service Tax as applicable in favour of 'Principal Controller of Defence Accounts, New Delhi towards non refundable fee for granting Green Channel.

- c) Within 15 days of receipt of intimation of our eligibility for grant of Green Channel Status, we shall be depositing an irrevocable Bank Guarantee (BG) as per DPM format for Rs.50.00 lakh (Rupees fifty lakh) as security to effect recovery against established complaint on quality for supplies made against Supply Order placed. Green Channel Bank Guarantee shall be given in favour of 'Principal Controller of Defence Accounts, New Delhi' from any Indian scheduled or its affiliated banks, to be valid for 39 months.

Encl : As above

Place:.....

Date:.....

Signature on behalf of the Applicant firm.....

Name of signatory on behalf of Applicant firm.....

Designation / Position of signatory in the applicant firm.....

Full address of the applicant firm with stamp/seal.....

Annexure II

OEM Certificate for "wholly owned Indian subsidiary"
(on the letter head of OEM)

To,

The Director General of Quality Assurance/
The Director General of Aeronautical Quality Assurance
'H' Block Nirman Bhawan PO
New Delhi-110011

Subject: OEM Certificate for "Wholly owned Indian Subsidiary " for Green Channel

Sir,

We, M/s _____ (name and full address of OEM) hereby confirm that M/s _____ (name and address of "wholly owned Indian subsidiary") are our "wholly owned Indian subsidiary" for grant of Green Channel Status for the following categories of products manufactured by us in our manufacturing facilities or by M/s _____ in their manufacturing facilities:-

- (a)
- (b)
- (c)
- (d)

2. We Confirm that:

(a) We have authorized M/s _____, our wholly owned Indian subsidiary to represent us and act on our behalf on all matters pertaining to manufacture and supply of the products against the supply orders placed on us/them.

(b) We also take full responsibility for the acts/omissions committed by M/s _____ . All claims and disputes if any, arising out of defects/poor quality of stores supplied by M/s _____ or by us would be settled by the parent company.

(c) The goods supplied to Consignee will be brand new, in our current production and suitably tropicalized to suit Indian conditions and as per technical specification.

(d) Our OEM standard Guarantee/Warranty shall be applicable for our products supplied by aforesaid firm to the Procurement Agencies.

(e) In the event of termination/closure of the aforesaid wholly owned Indian Subsidiary, we shall immediately inform the same to the Procurement Agency and Director General of Quality Assurance/ Director General of Aeronautical Quality Assurance.

(f) We Shall submit a certificate by our Internal Auditor/Chartered Accountant at the end of each financial year evidencing and confirming that we continue to meet the prescribed Eligibility Criteria of having an annual turnover of Rs 1000 crore and more and have made profit in at least three years out of the last five years, falling which the Green Channel Certificate is liable to be withdrawn.

3. Joint undertaking between us and M/s _____(100 % subsidiary OEM company) is attached at Annexure (Format at Annexure II 'A').

Place
Date

Signature on behalf of the OEM firm

Name of authorized signatory on behalf of the OEM firm.....

Designation/Position of authorized signatory in the OEM firm.....

Full address of the OEM firm with stamp/Seal.....

Joint undertaking to be signed by Parent Company as well as its 100% Subsidiary for award of Green Channel Certificate to Subsidiary when Subsidiary OEM does not comply with profitability and turnover requirement but parent company complies

"Notwithstanding that the Green Channel Certificate and supply orders are awarded to the M/s _____ (100% Subsidiary OEM Company), the _____ (Parent Company) and M/s _____ (its 100% Subsidiary OEM Company), Jointly and severally, undertake the following:-

- (a) M/s _____ (Parent Company) as well as M/s _____ (100% Subsidiary OEM Company), Jointly and severally, undertake to abide by all terms & conditions of Green Channel supply orders and corresponding performance of supply orders thereof in all respects including timely delivery as well as required quality of the product, Fall Clause and Warranty/Guarantee obligations.
- (b) The named M/s _____ (Parent Company) as well as M/s _____ (100% Subsidiary OEM Company), jointly as well as severally shall be liable/responsible and accountable for due performance of the supply order as well as supplies thereof in all respects and also for all such claims of the purchases arising thereof including legal liability in competent court of law."

Note: The above joint undertaking should be signed & dated by authorized person on behalf of M/s _____ (Parent Company) as well as M/s _____ (its 100 % Subsidiary company). The signing person must attach a necessary power of Attorney evidencing his authority to bind the company on whose behalf the above undertaking has been given.
