

No. 57941/DGQA/Tech Coord (16TC)/987/D(QA)/2017  
Government of India  
Ministry of Defence  
Deptt of Defence Production  
DHQ PO New Delhi - 110 011

Dated 18 Oct 2017

To,

The Director General of Quality Assurance  
Ministry of Defence  
New Delhi -110 011

**QUALITY ASSURANCE CHARGES: LEVYING OF**

Sir,

In supersession of Order No. 57941/DGQA/Tech Coord (16TC)/588/D(QA)/16 dated 02 Jun 2016, the levy of Quality Assurance Charges alongwith applicable Goods & Service Tax (GST) wef 01 Jul 2017 by DGQA, on stores indented by outside agencies, without affecting the inflow of Defence equipment, shall be regulated as under :

- (a) Quality Assurance Charges shall not be levied for quality assurance of stores indented by Armed Forces, Coast Guard and Director General Border Roads.
- (b) Quality Assurance Charges shall not be levied on Central Police Organisations (CPOs) such as BSF, CRPF, ITBP under Ministry of Home Affairs and Special Frontier Force (SFF), Special Protection Group (SPG) under Cabinet Secretariat, Railway Protection Force (RPF) for supplies made by Ordnance Factories, when DGQA is called upon for Quality Assurance.
- (c) Quality Assurance Charges alongwith applicable Goods & Service Tax (GST) wef 01 Jul 2017 shall be payable by CPOs under Ministry of Home Affairs for supplies made through PSUs / Defence PSUs/ Private Sector etc, when DGQA is called upon to assure quality of indented stores.
- (d) All state Government Departments and Public/Private Sector Undertakings shall be levied Quality Assurance Charges alongwith applicable Goods & Service Tax (GST) wef 01 Jul 2017 for supply indented on Ordnance Factories, PSUs/ Defence PSUs/ Private Sector etc, if DGQA is called upon to assure quality of the stores.

2. Quality Assurance Charges shall be levied as per the rates given below, except for stores for which Quality Assurance Charges have been fixed by a Board of Officers periodically :-

a)	Armaments	}	4%	
b)	Stores			
c)	Electronics			
d)	Warship Projects			
e)	Vehicles	}	2%	
f)	Engineering			
g)	Naval			
(i) Naval Stores which are of general nature used in manufacturing of various equipment like timber, cables, electrical / electronic components, chemicals, paints, brushes, textiles, rubber items, electrical bells etc.			}	2%
(ii) Complete electrical equipment like ventilation blowers, switchboards, switch gears, distribution boards, junction boxes, conversion machineries, and other complete assemblies/systems including submarine-batteries			}	4%
(iii) Electronic equipment/systems like radar, communication equipment, sonars, weapon control systems, electronic warfare systems, computers and monitoring and control systems broadcasts, telephone exchange etc.			}	4%
(iv) Weapon mountings such as gun Mountings, missile launchers, torpedo Launchers etc.			}	

3. For providing QA facility by the establishments of DGQA organisation against export orders, as and when called upon by the export agencies, a uniform charge of 2% of the value of stores quality assured will be levied by the organisation: However Ordnance Factories are exempted from payment of said Quality Assurance Charges on export orders.

4. Quality Assurance Charges and applicable Goods & Service Tax (GST) wef 01 Jul 2017 will be recovered from the Indentors alongwith the cost of stores by Ordnance Factories, and arranged to be transferred to DGQA. While adjusting the issue transaction, the Goods & Service Tax (GST) wef 01 Jul 2017 shall be transferred to the concerned local taxation Office through specified challan, the branch accounts Office attached to the concerned factory will adjust the element of the Quality Assurance Charges directly to the "Misc Receipt Head of DGQA Organisation i.e. Code Head 01/420/30 under Major Head-0076, Minor Head-108-Inspection Organisation under intimation to the Quality Assurance Officer for supplies made by Ordnance Factories".

5. In other cases the Quality Assurance Charges alongwith applicable Goods & Service Tax (GST) wef 01 Jul 2017 shall be recovered from the indenter and Credited in Treasury / State Bank through MROs by the concerned SQAE / QAE in respective Heads of QA Charges & Goods & Service Tax (GST). As regards QA Charges, adjustment shall be made by the Controller of Defence Accounts the Local Audit Officer under Major Head – 0076, Defence Services Army, Minor Head-108- Inspection Organisation, under intimation to the Quality Assurance Officer in respect of indents / orders placed by CPOs under Ministry of Home Affairs, State Government Departments, Public / Private Sector Undertaking on PSUs / Defence PSUs and Private Sector if DGQA is called upon to assure quality of the stores.

6. The provisions of this letter will come into effect from 02 Jun 2016 and will remain operative till further orders.

7. This letter issues with the concurrence of Integrated Finance vide their ID No. 13(8)/2016/IF(DS) dated 12 Oct 2017.

Yours faithfully

*Kiran*

(Kiran Mala Kujur)

Under Secy to the Govt of India

Copy to :-

CGDA  
All PCDA(s)  
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DGQA/Adm-16TC  
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*Sp/c*