

Haryana Government
Secretariat for Information Technology



हरियाणा सरकार
सूचना प्रौद्योगिकी सचिवालय

From:

No 1/300/18122

Chandigarh dated, the 11.11.2022

Addl. Chief Secretary to Govt. Haryana,
Information Technology, Electronics and Communication
Department, Haryana.

To

1. All the Administrative Secretaries to Government, Haryana
2. All the Heads of Departments in the State of Haryana
3. All the Divisional Commissioners in the State.
4. All the Managing Directors/ Chief Administrators/ Chief Executive Officers of all the Boards/Corporations/Public Sector Undertakings/Societies in Haryana
5. All the Deputy Commissioners in the State.
6. Registrar, Punjab & Haryana High Court
7. Registrars of all the Universities in Haryana.

Subject: Regarding Annual Maintenance Contract (AMC)/Comprehensive Annual Maintenance Contract (CAMC) policy for ICT Infrastructure.

Sir/Madam,

I am directed to address you on the subject cited above and to inform you that it has been observed by the State Government that difficulties are being faced by the various Departments/ organizations in awarding the AMC/ CAMC contract for their ICT infrastructure. Accordingly, after careful consideration, the State Government has decided to formulate an Annual Maintenance Contract (AMC)/Comprehensive Annual Maintenance Contract (CAMC) policy for ICT Infrastructure containing detailed guidelines and terms & conditions. A copy of the said policy is attached which can also be downloaded from the website of the Department i.e. haryanait.gov.in.

2. The policy may be brought to the notice of all concerned for information and necessary action.

Director (Admn)

for Addl. Chief Secretary to Govt. Haryana
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Haryana AMC/ CAMC Policy
for ICT Infrastructure



Department of IT Electronics &
Communication
Government of Haryana
AMC/ CAMC Policy
for
ICT Infrastructure

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Haryana AMC/ CAMC Policy
for ICT Infrastructure

Table of Contents

1	ABBREVIATIONS/ DEFINITIONS	3
2	BACKGROUND	4
3	APPROACH.....	5
4	EXAMPLE.....	5
5	NEED OF POLICY.....	5
6	AMC/ CAMC RATES:.....	6
7	BENEFITS OF POLICY.....	6
8	TERMS & CONDITIONS FOR MAINTENANCE/SUPPORT CONTRACT (AMC & CAMC)	7
9	Arbitration Clause:.....	9

1 ABBREVIATIONS/ DEFINITIONS

- 1.1. **Contract**: It is of two types Annual Maintenance Contract (AMC) or Comprehensive Annual Maintenance Contract (CAMC) as applicable.
- 1.2. **Annual Maintenance Contract (AMC)**: Annual Maintenance Contract (AMC) is a contract for a period of 12 months i.e. one calendar year for:
- Repair/ maintenance of hardware equipment, support and upgrade of the embedded OS's of machine/device/modules/cards/ etc. or any performance enhancement.
 - Update/ upgrade of software, as applicable.
 - AMC may not be covering cost of all spares used during preventive maintenance and breakdown calls or replacement of Consumables.
 - Here, if there is any breakdown which requires replacement of defective parts, if any, the same shall be agreed between Indenting Agency and Vendor, the price reasonably of which shall be ascertained by the Indenting Agency, including cost of consumables like UTP cables, patch chords, connectors etc.
- 1.3. **Comprehensive Annual Maintenance Contract (CAMC)**: Comprehensive Annual Maintenance Contract (CAMC) is a contract for a period of 12 months i.e. one calendar year for the scope covered in AMC. For CAMC
- Point 1.2 (c) and 1.2 (d) shall not be applicable i.e. CAMC shall cover the cost of spares used during corrective & preventive maintenance, breakdown calls etc.
 - CAMC may not cover replacement of consumables.
 - The vendor shall preferably place appropriate number of resident engineer(s) with sufficient spare parts at the office of Indenting Agency in order to meet the SLA(s).
- 1.4. **Consumables**: Consumables are goods or a part/sub-component of any equipment used by individuals or businesses that must be replaced regularly because they wear out or are used/ consumed up. These can also be defined as the components used up or permanently altered in the process or usage of device or equipment like batteries, inks, toners, oils/oil seals, etc.
- 1.5. **Vendor**: OEM or its authorised service provider or similar

Haryana AMC/ CAMC Policy
for ICT Infrastructure

- 1.6. Rates: It is the price agreed between the Indenting Agency and Vendor for AMC/CAMC as per the formula/ capping defined in this policy document.
- 1.7. Indenting Agency: This can be Department/ Board/ Corporation/ Authority etc. which intends to execute the agreement with a vendor.
- 1.8. Service Level Agreement (SLA): The SLA(s) defined at the time of purchase of the equipment(s) shall be applicable under Contract.
- 1.9. Equipment(s): The equipment can be a Hardware/ Software as applicable under Contract.

2 BACKGROUND

Following have been considered for framing the policy:

- 2.1. The AMC/ CAMC of IT equipment's Infrastructure is a critical aspect of product lifecycle
- 2.2. Some high-end equipment need service/ support beyond the warranty period of 3/5 years. inevitable delays in procurement process and declaring the equipment as obsolete
- 2.3. Replacement of hardware after the end of warranty period is sometimes delayed due to procurement processes
- 2.4. Rate discovery for AMC/CAMC in such cases becomes very difficult as there is no fixed formula for calculation
- 2.5. The AMC/ CAMC is also differently charged once the hardware becomes obsolete i.e. in terms of End of Service(EOS)/End of Life (EOL)
- 2.6. There is a tendency by the vendors to charge undue rates for the AMC/ CAMC services considering that the hardware has become critical to the client/ organization
- 2.7. The AMC/ CAMC charges vary in the life cycle of a product i.e. the AMC charges are low in initial years and gradually increase with wear & tear
- 2.8. Depreciation Rates as per Section 32(1) of the IT Act depreciation of "Tangible Assets" is considered.

Haryana AMC/ CAMC Policy
for ICT Infrastructure

3 APPROACH

A fixed Y-O-Y depreciation is calculated and AMC/CAMC @ fixed rate is accounted. The AMC/CAMC value propagation provides Y-o-Y reasonable increase in AMC/ CAMC value considering life of product.

The formula is as under:

1. Year on year depreciation is calculated at the rate of 40% (ref IT Act)
2. FORMULA for AMC/CAMC Calculation:

$$(AMC/CAMC)_n = [BR - BR \times \{(100-D)/100\}^{(n-1)}] \times R/100$$

Where: n = Year of product life cycle

BR = Purchase Value

D = Rate of Depreciation

R = Fixed rate of AMC/ CAMC

4 EXAMPLE

(i) Asset Category: Chassis type Servers

- Purchase Value (BR): Rs. 10,00,000.00/-
- Rate of Depreciation (D): 40%
- Fixed AMC/CAMC rate (R): 12% (Upper Capping)
- AMC/CAMC value in 3rd = Rs. 76,800.00/- @ 7.68%
- AMC/CAMC value in 5th = Rs. 1,04,448.00/- @ 10.44%
- AMC/CAMC value in 8th = Rs. 1,16,641.00/- @ 11.66%, and so on

(j) Asset Category: Laser Printers and MFD

- Purchase Value (BR): Rs. 10,00,000.00/-
- Rate of Depreciation (D): 40 %
- Fixed AMC/CAMC rate (R): 10 % (Upper Capping)
- AMC/CAMC value in 3th = Rs. 64,000.00/- @ 6.40%
- AMC/CAMC value in 4th = Rs. 78,400.00/- @ 7.84%
- AMC/CAMC value in 5th = Rs. 87,040.00/- @ 8.70%, and so on

5 NEED OF POLICY

- a. Inevitable delays in new purchase compels user to use equipment even beyond End of Life (EOL)/ End of Support (EOS)

Haryana AMC/ CAMC Policy
for ICT Infrastructure

- b. Ease to the department users to calculate the AMC/ CAMC cost in any year of operation keeping in view the interests of both vendor and user department
- c. Approach takes care of wear & tear of the equipment while calculating the applicable AMC/ CAMC amount.
- d. Avoid undue AMC/ CAMC rates quoted by vendors to continue services for critical hardware
- e. Provide a reference rate to the Indenting Agency to negotiate with the vendor.

6 AMC/ CAMC RATES:

Following rates may be followed

Table # 1 : AMC/CAMC rates		
#	Item Category	Rate in % of Invoice value
1.	Computers and servers (Tower Type)	5
2.	Chassis type Servers	12
3.	SAN Storage	12
4.	Laptops	10
5.	Laser printer and MFDs	10
6.	Dot Matrix Printers	10
7.	Line Matrix Printers	8
8.	Multimedia Projector	5
9.	EPABX	7
10.	FAX machine	10
11.	Networking Equipment (Switch, Router, Firewall/UTM, trouble shooting of Access points and passive components)	12

7 BENEFITS OF POLICY

- a) Formula based approach helps to calculate the exact AMC/CAMC value in any year.
- b) Depreciation of the assets has been considered.
- c) As the Y-on-Y AMC/CAMC cost is increasing, the common understanding is ascertained.
- d) The principal of wear & tear of product with life is also justified as AMC/CAMC cost is increasing as proportional to depreciation every year.
- e) The AMC/ CAMC amount shall never exceed the maximum percentage amount fixed for the product.

Haryana AMC/ CAMC Policy
for ICT Infrastructure

- f) Fixed AMC/ CAMC cost approach with capping so that eventually maintenance cost does not go beyond purchase value.

8 TERMS & CONDITIONS FOR MAINTENANCE/SUPPORT CONTRACT (AMC & CAMC)

8.1 General Terms and Conditions

- 8.1.1 The Contract shall be for the period of twelve calendar months commencing from the date of signing the agreement/ award of work order which can be extended further on the Rates applicable for subsequent year(s) preferably on same terms & conditions; however, in case of any deviation, the same may be mutually decided between Indenting Agency and Vendor.
- 8.1.2 In case, the services of vendor are not satisfactory then the Contract can be terminated anytime by the Indenting Agency. The services of vendor shall be reviewed by the Indenting Agency on quarterly basis/ half yearly basis, as convenient to them.
- 8.1.3 Payment of Contract shall be released only on Quarterly/ half yearly basis by the Indenting Agency after completion of successful period with satisfactory services.
- 8.1.4 In case, the Indenting Agency is entering into a new Contract (i.e. after expiry of the Warranty period), there may be a considerable gap between the expiry of warranty period or any prior AMC/CAMC and the start of Contract. In such cases, the vendor may visit all the installation sites to be taken under new AMC/CAMC to find out the nature of defects of the equipment(s) and its allied items and shall submit the expenditure of one-time repair to make the items functional. After acceptance of the Indenting Agency, the cost of such onetime repair(s) of faulty equipment(s) shall be paid on actual basis (in addition to the Rates) during signing of the Contract. After signing the Contract, the vendor shall make the faulty equipment(s) in up and running mode within 15 days (preferably) from the date of placement of formal order/ signing of Contract. For such cases, the Contract T&C shall apply from the date the faulty equipment(s) is made functional up & running.
- 8.1.5 The vendor must mention the details of the equipment(s) to be entered into Contract i.e. description of the product Make, Model, Serial No. etc.
- 8.1.6 The vendor should also paste a sticker/ label on the equipment(s) clearly highlighting the contact details of the local support staff, helpdesk no., web portal, email ids, etc. for logging complaints/ tickets etc.
- 8.1.7 The vendor to maintain sufficient spares in any convenient location (preferably in Haryana/ tri-city), so as to ensure desired Service Level Agreements.

Haryana AMC/ CAMC Policy
for ICT Infrastructure

- 8.1.8 The SLA(s) for the equipment(s) to be adhered by the Vendor. In case of any deviation, the same may be mutually decided between Indenting Agency and Vendor on Rates as derived and same Terms & Conditions.
- 8.1.9 The original manufacturer of the supplied items or their authorized service providers may be preferred for AMC/CAMC at least for a period of 5 years from the date of its supply/installation to keep the originality of the supplied items. In case, manufacturer/ the authorized service provider's services are not up to the mark or they do not agree to enter into AMC/CAMC as per rates, the same may be given to the vendor other than the original manufacturer/supplier or its authorized service providers. However, for any critical infrastructure IT or Non-IT both, support services to be taken from OEM or their authorized service providers only.
- 8.1.10 The warranty Period for the items/categories mentioned from Sr. no. 1 to Sr. no. 11 of Table mentioned in 'Section 6' above may not be compulsorily 5 years. However, warranty period for 5 years should stay as preferred option in each RFP. In case this warranty period is not 5 years, then this CAMC/AMC policy of the State would apply after the relevant warranty period.

8.2 Scope of Negotiations

The value as calculated using the formula is a reference value and following is applicable:

- 8.2.1 The Indenting agency can further REDUCE the AMC/ CAMC value quoted by vendor as may deemed fit.
- 8.2.2 In case of situation like End of Service (EoS) or End of Life (EoL) where vendor is not willing to extend the AMC/ CAMC services on the reference rate calculated, the Indenting agency may consider up to 10% INCREASE over the reference value calculated using the formula as in the policy.

8.3 Vendor Scope

- 8.3.1 Vendor shall perform corrective maintenance as per the Scope of Contract.
- 8.3.2 Preventive maintenance would include
- (a) For Hardware Equipment(s): adjustments, cleaning of mechanical parts on monthly/ quarterly basis or as applicable from device to device.
 - (b) For Software(s): updates, upgrades patch etc. from time to time.
- 8.3.3 The Vendor shall complete the service call/ticket as:
- (a) Within one working day (preferably within four hours) for Chandigarh/Panchkula
 - (b) Within two working days for District Headquarters

Haryana AMC/ CAMC Policy
for ICT Infrastructure

- (c) Within three working days for the remaining field locations
- 8.3.4 Failing of the SLA(s), a penalty @1% per working day shall be levied for totally down equipment(s) and @ 0.5% per working day for partially down equipment(s) of the applicable AMC/CAMC amount from the date of logging complaint/ ticket, up to the date of closing the same. The penalty amount shall not exceed the total Rate under Contract. These are tentative timelines/ Penalties/ SLA(s) in case the same are not mentioned in the Purchase order executed between the Indenting Agency and Supplier/ Vendor, else, the SLA as defined in the Purchase Order shall prevail.
- 8.3.5 Provision of Contract shall be from Monday to Friday between 9.00 A.M. to 5 P.M. In emergency conditions, the services shall be provided by party beyond these hours with prior arrangements without any additional cost.
- 8.3.6 No extra charges shall be paid to vendor for movements/transportation (to and fro) of technician or freight.
- 8.3.7 In case it is not defined in the Purchase Order/SLA(s) between Indenting Agency and Vendor, an up time of 95% shall be maintained by Vendor, failing which the contract shall automatically be extended beyond the end of period by twice the period for which up time falls short of 95%.
- 8.3.8 The vendor shall provide escalation matrix and ticket logging procedures as applicable.
- 8.3.9 The Vendor shall not be liable for any breakdown/defects arising due to physical damage, fire or any other natural calamity or tempered by anyone other than the Vender under Contract.
- 8.3.10 The contract can be terminated by either party by giving written notice in advance of three months.
- 8.3.11 All disputes arising out of this Contract subject to Jurisdiction of the Area in Haryana/ Chandigarh only.

9 Arbitration Clause:

In the eventually of any dispute, the sole arbitrator shall be appointed by the Government under the provisions of the Act and his decision shall be binding on both the parties i.e. Indenting Agency and Vendor.

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