

“हिंदी भाषा राष्ट्र निर्माण में सहायक है”



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Circular

No: EDP/AN/174/GeM/2023-24

Date: 20/12/2023

To,
Officer-in-Charge
All Sections
All Sub-Offices
Under PCDA(CC) Lucknow

Subject : Procurement of ICT infrastructure products through service category of Leasing in of Assets on Product as a Service (PaaS) model.

Reference : HQrs office email dated 15/12/2023

With reference to HQrs office circular on the subject matter, it is intimated that a new service-“Leasing of Assets on Product as a Service (PaaS) model” has been introduced in GeM. The details of STC for leasing in Assets service is forwarded herewith for information and further action at your end.

Encl: Copy of STC for leasing in Assets Service on GeM

Sr.AO (IT&S)

Copy to : OA Cell (Local) }

For Website Upload

Sr.AO (IT&S)

राजीव कुमार श्रीवास्तव
अपर मुख्य कार्यकारी अधिकारी व
मुख्य क्रेता अधिकारी - केन्द्रीय क्रेता
Rajiv Kumar Srivastava
Add. CEO and Chief Buyer Officer –
Central Buyers



भारत सरकार
वाणिज्य एवं उद्योग मंत्रालय
गवर्नमेंट ई मार्केटप्लेस
Government of India
Ministry of Commerce & Industry
Government e Marketplace

DO No. 32/ACEO-GeM-RKS/2023

01st December, 2023

Respected Smt. Chaube ji,

Procurement of ICT infrastructure products through service category of Leasing in of Assets on Product as a Service (PaaS) model on Government e-Marketplace

I trust this letter finds you in good health and high spirits. Our proposal centres around leveraging the concept of leasing assets services to promote the paradigm shift towards Product as a Service (PaaS). Notably, a service category for 'Leasing in of Assets' is available on GeM for the hardware assets deployed in the IT and Communication sectors. Subcategories available are Telephone Systems, AV Equipment, Bluetooth devices, Infrared devices, Modems, Network Cards, Smartphones, Wi-Fi Devices, Computer Servers, Printers, Computer Hardware, Software Licenses, Wired, and Mobile Telephones, etc. Already, total number of service providers registered in the category "Leasing in of Assets" is 169. This service is an early adoption of the Product-as-a-Service (PaaS) model providing public procurement officials to keep up with technological advancements.

Leasing assets presents a unique opportunity to transform the traditional model of ownership, encouraging a more sustainable and resource-efficient approach. This shift to Product as a Service offers several benefits, including:

1. **Resource Optimization:** Leasing allows for better resource management by ensuring that assets are utilized to their fullest potential throughout their lifecycle.
2. **Cost Efficiency:** Instead of heavy upfront investments, leasing enables government entities to access the latest technologies and services without incurring substantial initial costs.
3. **Environmental Impact:** By promoting leasing, we contribute to the reduction of waste and carbon footprint associated with the disposal of obsolete assets.
4. **Innovation and Upgradation:** Leasing facilitates easy access to state-of-the-art technologies, promoting continuous innovation and ensuring that government services are equipped with the latest advancements.

GeM is prepared to play a pivotal role in facilitating the integration of leasing services into government procurement processes. We propose the establishment of a dedicated framework that streamlines the leasing of assets, making it a seamless and efficient process for all government departments.

Furthermore, GeM is committed to working closely with all concerned stakeholders to develop guidelines, best practices, and awareness programs to ensure a smooth transition to this new

model. We believe that by leading this initiative, India can set an example for other nations in embracing the circular economy principles outlined in the G-20 declaration.

Thank you for your attention and collaboration on this crucial matter.

With kind regards,

Yours sincerely,

RK 

(Rajiv Kumar Srivastava)

Smt. Rasika Chaube
Financial Advisor
Ministry of Defence, New Delhi.

Service Level Agreement and Packages

LEASING IN OF ASSETS

Service STC

Special Terms and Conditions

For Leasing-in Assets Service

1. Preamble

2. All the Leasing-in assets Service contracts placed through GeM shall be governed by following set of Terms and Conditions:

1. General terms and conditions for Goods and Services.
2. Service STC contained in this document.

- BID / Reverse Auction specific ATC

1. The above terms and conditions are in reverse order of precedence i.e. ATC shall supersede Service specific STC which shall supersede GTC, in case of any conflicting provisions.

1. This document represents a Special Terms and Conditions ("STC") the Service Level Agreement (SLA) governing the contract between the Buyer and Service Provider. The purpose of this document is to outline the scope of work, Stakeholder's obligation and terms and conditions of all services covered as mutually understood by the stakeholders.

2. Objectives and Goal

The objective of this document is to ensure that all the contractual terms and conditions are in place to ensure consistent delivery of services to buyer by service provider. The goals of this agreement are to:

- Establish terms and conditions for all the involved stakeholders, it also includes the actions to be taken in case of failure to comply with conditions specified
- To ensure that both the parties understand the consequences in case of termination of services due to any of the stated reasons

The document will act as a reference document that both the parties have understood the above-mentioned terms and conditions and have agreed to comply by the same.

3. Stakeholders

The main stakeholders associated with this agreement are:

1. **Buyer:** Buyer is responsible to provide clear instructions, approvals and timely payments for the services availed as per the contractual terms.
1. **Service Provider:** Service provider is responsible to provide all the required services in timely manner and to the satisfaction of buyer or its authorized representative. Service provider may also include seller supplier/ bidder/contractor, any authorized agents, permitted assignees, successors and nominees as per the context and as described in the agreement.

The responsibilities and obligations of the stakeholders have been outlined in this document. The document also encompasses payment terms and penalties in case of non-adherence to the defined terms and conditions.

4. Service Scope

Leasing of Assets refers to a contractual arrangement wherein an asset is leased by the legal owner (the lessor) to another party (the lessee) allowing its temporary use/possession in return of mutually agreed rental amount for a certain period.

Lessor- A lessor is an individual and/or legal entity who possesses an asset and leases or rents it for temporary use/possession in return of mutually agreed rental amount for a certain period.

Lessee -The lessee is the participant of the lease who gets the right to temporarily use/possess an asset for a specific period and makes periodic payments to the lessor based on the contractual agreement. Lessee will have the facility to buyback the asset at the residual value at the time of expiry of the lease agreement.

- Scope of work for this service will include:

- **Maintenance-**

- The Lessor shall ensure that assets are well-maintained and are in perfectly sound working condition.
- Assets shall be serviced according to manufacturer specifications.
- The Lessor shall maintain an asset schedule for service and retain complete lifetime service records for all assets.

Testing- The Lessor shall provide written documentation confirming satisfactory testing on assets where mandated by law (for example: stress testing, dielectric testing, visual inspections) completed by a licensed and reputable testing firm.

or specific requirements.

5. Terms & Conditions -

• Lessee/buyer Obligation

1. Any demurrage, wharfage or other expenses incurred after the asset reaches the destination due to delayed negotiations of dispatch documents or for any reason attributable to the lessee shall be to the account of the lessee.
2. The lessor and/or his authorized representative shall be provided access at reasonable hours to the premises, during the lease term, for maintenance of the
3. The timely payment shall be made by the buyer as per the payment schedule as defined by the buyer in the tender/bid.
4. Buyer must ensure that the service provider complies with the Rule 144(xi) of General Financial Rules (GFR), 2017 and the product supplied, if any, must also comply with Make In India guidelines of DPIIT.

• Lessor/service provider Obligation

1. During the Lease Term, the Lessor cannot, without the prior written consent of the Lessee, sub-let, sell, assign, transfer, mortgage, or charge its rights in the asset as a whole or in part or parts thereof to any other person.
2. The lessor represents and warrants to the Lessee that it has full right and lawful authority to enter into this Lease and the asset is free and clear of all liens, exceptions, restrictions and encumbrances.
3. Lessee shall obtain insurance for the contract term at its own expense, comprehensive insurance against loss or destruction or damage to the asset including without limitations destruction or loss by fire, theft and such other risks or loss as are customarily insured against on the type of asset leased
4. Lessor shall obtain adequate insurance coverage of all assets including interior works, renovations, furniture, equipment and/or other items and make timely payments of all insurance premiums with respect to the same for the period of the contract.
5. The asset would be inspected by the lessee or his authorized representative at the time of delivery.
6. If upon delivery, whether inspected and approved earlier or otherwise the asset is not in conformity with the specifications the same shall be rejected by the buyer or his duly authorized representative and notification to this effect will be issued to the lessor.
7. The Lessor at its own cost and expenses will keep the asset in good condition and working order and shall get the required repairs, maintenance and servicing done at regular intervals. Further, the Lessor undertakes not to sell / transfer / assign the asset to any other party without prior permission of the Lessee.
8. In case of damage/ non-functioning/ malfunctioning of the asset, lessee can terminate the lease of the particular asset if needed.
9. If after delivery, acceptance and installation and within the warranty period, the operation or use of the product/services is found to be unsatisfactory, the lessee shall have the right to continue to operate or use such product/services until rectification of defects, errors or omissions by partial or complete replacement is made without interfering with the lessee's operation.
10. The Lessor shall provide written documentation confirming satisfactory testing on assets where mandated by law (for example: stress testing, dielectric testing, visual inspections) completed by a licensed and reputable testing firm.
11. The lessor shall attend all the complaints if any during the leasing period without any cost chargeable to the lessee.
12. All Cost for maintenance and servicing of the asset including the cost of spare parts, if any, are to be borne by the Lessor.

- deduction of the dues and liability categorically attributable to the Lessee at mutually agreed rate, if any.
14. The preventive maintenance of the asset, if required, shall be scheduled in such a manner so that the Lessee may not suffer any loss to their working hours.
 15. The lessee reserves the right to terminate the lease in part or in full by giving one-week advance notice to the Lessor thereby if: a) The lessor fails to comply with any of the terms of the lease. b) The lessor becomes bankrupt or goes into liquidation. c) The lessor makes general assignment for the benefit of the creditors; and d) Any receiver is appointed for the property owned by the lessor.

16. Payment Terms

17. The Payment Procedure shall be as specified in the General Terms and Conditions of GeM and the Payment Schedule will be as defined by the buyer.
18. The payment will be made to the service provider as defined by the buyer on submission of the bill by the service provider and after deducting penalty amount, if any.

19. Formula Used -

Total Price = A*B*C

Where,

A = Number of months for leasing the asset

B= Rate per month for leasing the asset (to be quoted by the service provider)

C = Number of Units

8. Breach of Contract and Penalties

- (i) Breach of SLA is defined as performance lower than requisite performance in this agreement.
- (ii) The cumulative penalty cannot exceed 10% of the contract value. The contract may be terminated by the Buyer once this limit is breached without any prejudice to other contractual remedy.
- (iii) Penalties will be levied on the service provider, for the violation of Service Level Agreement of the contract as mentioned below:

Sr. No	Particulars	Financial Implications
1	Non-delivery of any of the parameter mentioned in deliverables	1 st instance - 0.1% of contract 2 nd instance - 0.2% of contract 3 rd instance - 0.5% of contract Once the maximum deduction is reached, the buyer may consider termination of the Contract

r. No	Particulars	Financial Implications
2	Service provider cannot refuse to provide the asset(s) as per requirement	0.5% will be deducted from the overall contract value
3	If the service provider is found responsible for damage to the asset(s)	Buyer can recover amount equivalent to the value of damage
4	Delay in handover of asset(s)	0.5% of the value of delayed material/equipment or unperformed services for each week of the delay and part thereof subject to a maximum of 10% of the total value of the order.