

GOVERNMENT OF ORISSA
INDUSTRIES DEPARTMENT

.....
No. XIV-HI-9/04-3042/I, Bhubaneswar, dated 17.02.2004

To

All Departments of Government /
Heads of Departments /
State Owned Corporation and Statutory Boards/
Government Companies /
Revenue Divisional Commissioners /
Collectors / All Zilla Parishads / All Panchayat Samities.

Sub: Purchase Policy of the State Government under Industrial
Policy Resolution, 2001.

Under the Industrial Policy, 2001 read with various circulars and instructions issued from time to time the following principles have been laid down regarding purchases by the State Government Departments / Heads of Departments and Offices subordinate to them / Boards / Corporations / Authorities and Improvement Trusts / Municipalities / N.A.Cs / Co-operative Bodies and Institutions Aided by State Government for marketing support to SSI Units in Government procurement.

1) All the administrative Departments / Agencies under the control of State Government, Heads of Department and offices subordinate to them, Boards, Corporations Development Authorities and Improvement Trusts, Municipalities, Notified Area Councils, Co-operative Bodies and Institutions aided by the State Government and Companies where Government share is 50% or more, will ensure that their requirement of store items are procured from Industries located within the State. Simultaneously efforts shall be made to ensure that local products are cost-effective and meet overall quality requirements for competitiveness.

(In order to give effect to the provisions of this paragraph the Orissa General Financial Rules (APPENDIX-6, Rule 96) are being suitably amended and the Finance Department will issue detailed guidelines.)

2) Purchase from exclusive list: -

- 24.1 i. A list of store items reserved for exclusive purchase from industries located in the State has been prepared keeping in view the production capacity of the local industries and requirements of State Government Departments and Agencies under its control (Annexure-1).
- 24.2 ii. The State Government Departments and Agencies will have to purchase their requirements of these items only from local industries with ISO / ISI / EPM certification for the items, by inviting competitive quotations from such industries. Efforts may be made to distribute the purchase orders equitably among the participating industries prepared to accept the lowest negotiated rate, keeping in view their production capacity.
- 24.3 iii. Local small-scale industrial units and khadi & village industrial units including handlooms and handicrafts will enjoy a price preference of 5% over medium or large industries.
- 24.3 iv. Any local small scale industrial unit having ISO or ISI Certification for its products will get an additional price preference of 3% and 2% respectively.

3) RATE CONTRACT:-

- 24.4 i. Rate contract in respect of specific store items not in the exclusive list and manufactured by the local small scale industrial units will be finalized by the Director of Export Promotion & Marketing. This will be done on the basis of competitive offers received from local units, cost

structure obtained from these offers, market price of similar items valid DGS&D rate (if any) and other considerations relevant to fixing the price of the product. Besides, in respect of bulk items a representative of the purchasing Department would be actively associated at the time of rate contract finalization.

- 24.5
- ii. State Government Departments and Agencies under the control of the State Government will purchase rate contract items from the rate contract holder/Small Scale industry at the price fixed, without inviting tenders.

(Name of the store items covered under E.P.M. rate contract as approved by the State Government is at Annexure-II).

4) PURCHASE ON OPEN TENDER: -

- 24.6
- i. Items other than those in the "Exclusive Purchase List" or on "Rate Contract" may be purchased by the State Government Departments and Agencies under the control of State Government through open tender. Local small scale industrial units and khadi & village industrial units (including handloom & handicrafts) competing in the open tender will be entitled to price preference as in paragraph 2. (III) of purchase Policy.
 - ii. The notice inviting tenders shall stipulate a condition that the participant to the tender must be registered under Orissa Sales Tax Act, 1947. While preparing comparative charts for the prices quoted in the tender papers, the sales tax payable in Orissa should not be added to the basic price since the sales tax realized
- 24.7

accrues as revenue to Government. However any tax payable outside Orissa shall be added to the basic price.

- 24.8
- iii. Local small scale industrial units registered with the Directorate of Industries / DICs, Directorate of Export Promotion & Marketing, Khadi, Village & Cottage Industries, Directorate of Handicrafts, OSIC and NSIC will be exempted from payment of earnest money and pay 25% of the prescribed security deposit while tendering to State Government Departments and Agencies under its control.
- 24.9
- iv. Small-scale industrial units registered with the Directorate of Industries / DICs, Directorate of Export Promotion and Marketing will be entitled to get tender papers free of cost for registered items from State Government Departments and Agencies under its control. Khadi, Village, Cottage & Handicrafts industries, OSIC and NSIC will similarly be eligible to get tender papers free of cost for products marketed by them.
- 24.10
- v. The competent authority will make prompt payment of dues of local small scale industrial units and Khadi & Village Industries in respect of goods purchased from them either directly or through OSIC/ NSIC.
- 24.10
- vi. Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993, provides due protection to small scale industrial units for realization of their dues.
- 24.11
- vii. Director, Export Promotion & Marketing or his nominee will be a member of the Purchase Committee constituted at levels above the District level in State Government Departments and Agencies under the control of State Government. General Manager / Project

Manager, DIC or his representative will be a member of Purchase Committee constituted at District level or below.

- 24.12
- viii. In order to ensure that the policy on marketing support is meticulously followed, the Director, EPM or his representative shall be allowed access to tender papers, purchase documents, books of accounts etc. to ascertain whether there has been any contravention in the implementation of the policy.
- 24.13
- ix. Director, EPM will have the power to draw samples and test the quality of products of local industries from time to time and shall have powers to black list and de-register industries supplying products not conforming to prescribed quality and specifications. He shall have the power to black list local industries for trading in the store items instead of manufacturing.
- 24.13
- x. Directorate of Export Promotion & Marketing (EPM) shall be the Nodal Agency in the matter of administering marketing support related policies to local SSIs under this IPR.

5) MARKETING SYNDICATION: -

- 25.1
- i. In order to achieve greater market penetration, small scale industrial units selling their products through OSIC and/or NSIC shall be eligible for concessional rate of C.S.T. as per Finance Department Notification issued from time to time. In such cases OSIC or NSIC shall raise the invoice or sale memo or bill on the buyer on behalf of the small-scale industrial unit. OSIC/NSIC will act as Syndicate Leader for marketing of the products of SSI units of the State and it will be responsible for the overall quality control and collect service charges not

exceeding 1% of sale value from the concerned units. In order to derive the benefit of scale, major bulk orders of the Government on rate contract items should be routed through OSIC so that it can act as a consortium leader for all the SSI units and organize raw material supply at reasonable rates.

25.2 ii. Purchases by OSIC/NSIC from small-scale industry for onward resale shall be exempt from sales tax under O.S.T. Act 1947 provided the sale of such goods by OSIC/NSIC is taxed under O.S.T. Act 1947 at the point where OSIC/NSIC sells such goods. In other words, when OSIC/NSIC buys a product from small-scale industry for resale in Orissa, the obligation for collection and deposit of sales tax shifts to OSIC/NSIC.

25.3 iii. Purchases by OSIC/NSIC from any registered dealer for onward sale to small scale industry for use in manufacturing shall be exempt from sales tax under O.S.T. Act, 1947 provided the sale of such goods by OSIC/NSIC to the small scale industrial unit is taxed under O.S.T. Act, 1947.

6. Government have been pleased to decide further that all purchases by the State Government Departments / Heads of Departments and Offices subordinate to them, Boards, Corporations / Authorities Improvement Trust, Municipalities, N.A.Cs., Cooperative Bodies and Institutions aided by State Government shall henceforth be made exclusively from dealers / suppliers registered under the Orissa Sales Tax Act, 1947. Any purchase from unregistered parties shall henceforth be treated as inadmissible.

7. Government would like to emphasize that the provisions of the Industrial Policy Resolution of the State and all instructions issued thereon from time to time should be meticulously followed by the Purchasing Officers of the State Government Departments / Heads of Departments and Offices subordinate to them / Boards / Corporations / Authorities and Improvement Trust / Municipalities / N.A.Cs / Cooperative Bodies and Institutions Aided by State Government. It may be noted that Government will have no alternative but to resort to suitable disciplinary action against the erring officers for wilful contravention of the provisions of IPR and instructions of the Government in this regard.

8) Suitable instructions may be issued to all concerned under your control to ensure the effective and proper implementation of the Purchase Policy of the State Government.

Sd/-

Principal Secretary to Government

ANNEXURE-I

NAME OF THE STORE ITEMS COVERED UNDER EXCLUSIVE LIST OF PURCHASES.

01.	Transformers of 11/4 33 KVA upto 100 KVA.
02.	Irrigation Shutters
03.	Irrigation panels & Gate
04.	Agricultural implements.
05.	Tractor Trailer
06.	Country Jute Twino / Gunny bag.
07.	Bus / Truck body building.
08.	Cement (should confirm to the grade ISI specification).
09.	Steel Rack.
10.	G.I. Sluice Valve
11.	Paper & Paper Products (excluding paper bag).
12.	Computer Paper.
13.	Teleprinter Paper.
14.	Telex Paper.
15.	Carbon Paper.
16.	Single Phase Transformers of 10 & 16 KVA capacity.

Annexure-II

NAME OF THE STORE ITEMS COVERED UNDER E.P.M.
RATE CONTRACT.

01.	Alumina Ferric Gr.-II.
02.	Ayurvedic Veterinary Medicines.
03.	Automatic Line Voltage Corrector (Stabiliser) upto 5 KVA capacity.
04.	Absorbent cotton I.P.Grade.
05.	Aluminium Ballast.
06.	Aluminium Building Fittings.
07.	Phynyl (Black Disinfectant Fluid).
08.	Copper Chock.
09.	Bleaching Power.
10.	Bentonite Power
11.	Collapsible Gate.
12.	Cement Water Proofing Compund.
13.	Concrete Pipe.
14.	Chloroxyleneol Solution I.P.
15.	Cresol with soap solution.
16.	Canvas Boot (Jungle Boot).
17.	C.I. Pipes & Fittings.
18.	Tarpaulin.
19.	P.T. Shoe (Canvas Shoes).
20.	Drugs & Medicines.
21.	Mineral Mixture.
22.	Great Coat.
23.	G.I.Flat.
24.	G.I. Barbed Wire.
25.	G.I. Stay set.
26.	H.T. Stay set.
27.	H.T. Insulator (Disc. Insulator).
28.	Hospital Bed Stread.
29.	H.D.P.E. Pipes
30.	ISI Marked Cables with Aluminium Conductor.
31.	ISI Marked India Mark-II Deep Well Hand Pump.
32.	ISI Marked Rigid P.V.C. Pipes.
33.	Iron Fortified Salt.
34.	Iron Granted Hazat Doors & Ventilators.
35.	India Mark-II Deep Well Hand Pump Volm-65.
36.	Leather Pump Bucket and Seat Valve.

37.	L. T. Stay Sets.
38.	L.T. Insulator.
39.	L. D. P. E. Bags.
40.	Lead Acid Storage Battery.
41.	Black LDPE Film Sheet.
42.	Leather & Foot Ware Articles.
43.	L.T. G.I. Pin.
44.	Main Switch.
45.	Metal Table.
46.	Metal Rolling Shutter.
47.	M.S. window Grill.
48.	M.S. Varandah Grill.
49.	Nitrile Rubber Pump Bucket & Seat Valve.
50.	Preformed Fillers for expansion joint.
51.	5 AMPS 250=Volts Porcelain Round Surface Type Switch.
52.	Polyethylene rotomoulded water storage tank.
53.	11 K.V. 33 K.V. Pin insulator.
54.	Paint.
55.	P.S.C. Poles.
56.	A. S. T. M. – D. PVC Pipes.
57.	Paper Bag.
58.	Rubberised Coir Mattress.
59.	Room Air conditioner.
60.	Road Tar.
61.	PVC un-armoured Power Aluminium Cable.
62.	Polypropylene Rope.
63.	Steel Chair.
64.	Servo Voltage Stabiliser.
65.	Steel Shelving Cabinet.
66.	Surgical Dressing.
67.	Steel Truss Angular & Purline.
68.	Steel Window.
69.	Steel Door & Window Frame.
70.	Su.mersible Pump
71.	Scientific Laboratory Glassware.
72.	Soft Paraffin.
73.	Type writer Ribbon.
74.	Transfusion Fluid.
75.	Tubular Truss & Purlin.
76.	Rain Coat.
77.	Woollen Jersey & Socks.
78.	M.S. Door and Window.
79.	F.R.P. water storage tank.
80.	'V' type cross Arm.

81.	L.T. Cross Arm.
82.	Magnesium Sulphate I.P.
83.	O.R.P. Powder.
84.	Sealing Wax.
85.	India Mark-III Deep Well Hand Pump Volm.50
86.	Black Hexagonal Bolts with Nuts.
87.	Dual Desk.
88.	Low Desk.

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