

GOVERNMENT OF ODISHA
FINANCE DEPARTMENT

No. 21926 *****/F., Dated 12.8.15
FIN-CODES-RULE-0005-2015

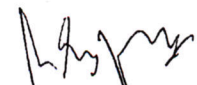
OFFICE MEMORANDUM

Sub:- Clarification on "Supplementary Guidelines for procurement of goods from local MSEs-Price Preference System and Principles for Purchase of goods from outside the State".

With a view to extend support to Local MSEs in marketing their products to various Government Departments, Government have been pleased to exempt the Earnest Money for local MSEs while participating in tenders of Government Departments and Agencies under its control . On conclusion of the bidding process, if selected, the local MSE bidder would be required to make payment of 25% of the prescribed value of Performance Security so as to ensure due performance of the contract. Accordingly, Para -4 of Finance Department OM No. 13290/F Dated 2.4.2013 would be substituted as follows :

4. Exemption from payment of Earnest Money and concessional payment of Performance Security
- i) Notwithstanding the provisions of Para 21(ii) and paragraph 22 of Finance Department Office Memorandum No.Codes-27/2011-4939/F., dated 13.2.2012, the local MSEs registered with respective DICs, Khadi, Village, Cottage and Handicraft Industries, OSIC & NSIC while participating in tenders of Government Departments and Agencies under its control, shall be exempted from payment of Earnest Money.
 - ii) On conclusion of bidding process, the local MSE bidder, if selected, shall be required to pay 25% of the value of performance security.

By Order of the Governor


Additional Chief Secretary to Government

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Memo No. 21927 /F., Dated 12.8.15

Copy forwarded to the Secretary to Governor/ Principal Secretary to Chief Minister/ Private Secretary to all Ministers and Ministers of State/ Accountant General (Civil Audit), Odisha, Bhubaneswar/ Accountant General (A&E), Odisha, Bhubaneswar/ Deputy Accountant General (Works) Odisha, Puri/ all Departments of Government/ all Heads of Departments/ all Financial Advisors/ all Assistant Financial Advisors/ all Collectors/ all Treasury Officers/ all Sub-Treasury Officers/ Director, Madhusudan Das Regional Academy of Financial Management, Chandrasekharpur, Bhubaneswar/ Director, Gopabandhu Academy of Administration, Bhubaneswar/ Registrar of all Universities for information.

[Signature] 12/8/15

Memo No. 21928 /F., Dated 12.8.15

Copy forwarded to P.S to Additional Chief Secretary (Finance)/ P.S to Special Secretary/ P.S to OSD-cum-Special Secretary/ P.S to all Additional Secretaries/ all Officers/ all Branches of Finance Department/ Guard File (100 copies) for information and necessary action.

Under Secretary to Government

[Signature] 12/8/15

Memo No. 21929 /F., Dated 12.8.15

Copy forwarded to the Head, Portal Group, Secretariat, Odisha for information and necessary action. It is requested to hoist this Office Memorandum in the website [www.orissa.gov.in/finance/index.htm] of Finance Department for general information.

Under Secretary to Government

[Signature] 12/8/15

Under Secretary to Government

GOVERNMENT OF ODISHA
FINANCE DEPARTMENT

No. 14741 /F., Dated 06.05.14

CODES-27/11(Pt)

From

Sri U.N. Behera
Additional Chief Secretary to Government.

To

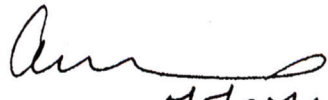
All Departments of Government
All Heads of Departments

*Sub : Guidelines for procurement of goods from local MSEs—observance by
government department/government agencies*

Finance Department had issued guidelines on procurement from local MSEs and regarding principles to be followed in making purchases from outside the state. The said guidelines have been circulated vide F.D. Memorandum No. 13290/F dt.2.4.2013. Para-5 of the said memorandum stipulates that while preparing comparative price statement for evaluation of tender submitted, the VAT payable in Odisha shall be excluded and price comparison shall be made on basic price.

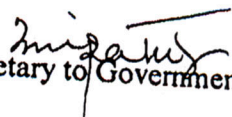
3. It has come to the notice of government that para-5 of said FD Memorandum is not being followed by some departments and subordinate offices. It is therefore requested that above guideline may be strictly followed hereafter.

4. The subordinate offices and Public Sector Undertakings under the control of each Administrative Department may be suitably instructed.


5/5/2014
Additional Chief Secretary to Government

Memo No. 14742 /F., Dt. 06.05.14

Copy forwarded to the Commissioner of Commercial Taxes, Odisha, Cuttack for information and necessary action.


5/5/2014
Deputy Secretary to Government

Memo No. 14743 /F., Dt. 06.05.14

Copy forwarded to the Director of Treasuries & Inspection, Odisha for information and necessary action.

Indrath
Deputy Secretary to Government 5/5/2014

Memo No. 14744 /F., Dt. 06.05.14

Copy forwarded to all officers/all branches of Finance Department for information and necessary action

Indrath
Deputy Secretary to Government 5/5/2014

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GOVERNMENT OF ODISHA
FINANCE DEPARTMENT

No. 13290 /F., Dt. 02.04.2013
- Codes-27/11(Pt.)

OFFICE MEMORANDUM

Sub: Supplementary guidelines for procurement of goods from local MSEs - Price Preference System and principles for purchase of goods from outside the State.

Detailed guidelines have been issued for procurement of goods in Finance Department Office Memorandum No. Codes-27/2011-4939/F., dated 13.2.2012. This OM, inter-alia, vide para-21(ii) provides for payment of only 25% of the prescribed security deposit/earnest money deposit by the local MSEs registered with respective DICs. Khadi, Village, Cottage & Handicraft Industries, OSIC and NSIC, while participating in tenders of Government Departments and Agencies under its control. However, in order to align the procurement procedure with the concessions provided in the MSME Development Policy, 2009 and IPR, 2007 as well as the existing policy for purchase of goods from outside the State for Government Departments and Agencies under its control, the following guidelines are to be followed by all Departments of Government and Agencies under their control.

2. Price preference system :

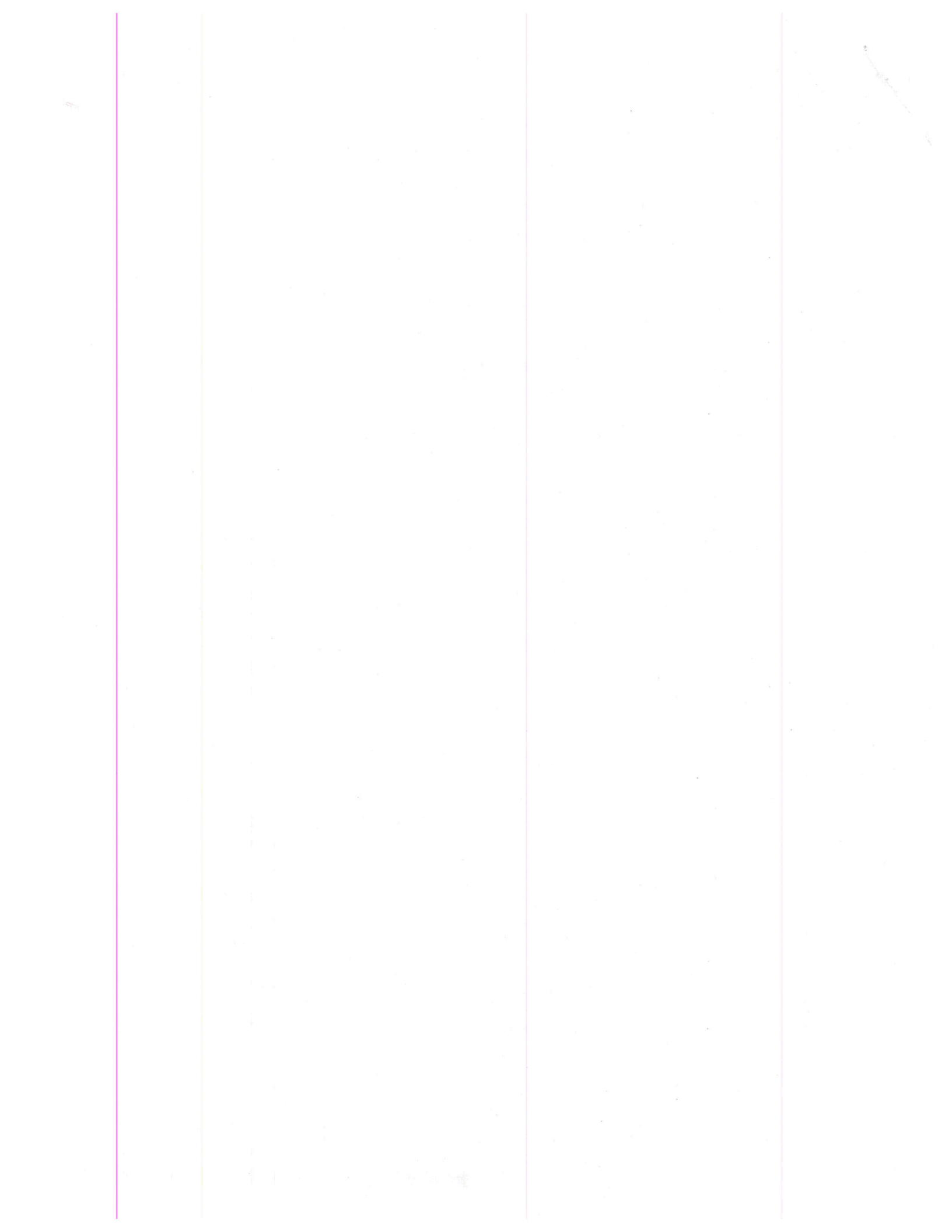
- (i) Local Micro and Small Enterprises and Khadi & Village Industries Units including Coir, Handloom and Handicrafts, competing in the open tender shall be entitled to price preference of 10% vis-a-vis local medium and large industries as well as outside industries.
- (ii) Local Micro and Small Enterprises having ISO or ISI certification for their product shall get an additional price preference of 3% as per the provisions of IPR - 2007.

3. Registration under Odisha VAT Act & CST Acts for participation in tenders :

Notice inviting tenders shall stipulate the condition that the participants in the tender must be registered under Odisha VAT Act or CST Act.

4. Concessional payment of Security/Earnest Money by the local MSEs :

As provided under para-21(ii) of the Finance Department Office Memorandum No. Codes-27/2011-4939/F., dt. 13.2.12, the local MSEs registered with respective DICs, Khadi, village, Cottage & Handicraft Industries, OSIC and NSIC shall pay only 25% of the

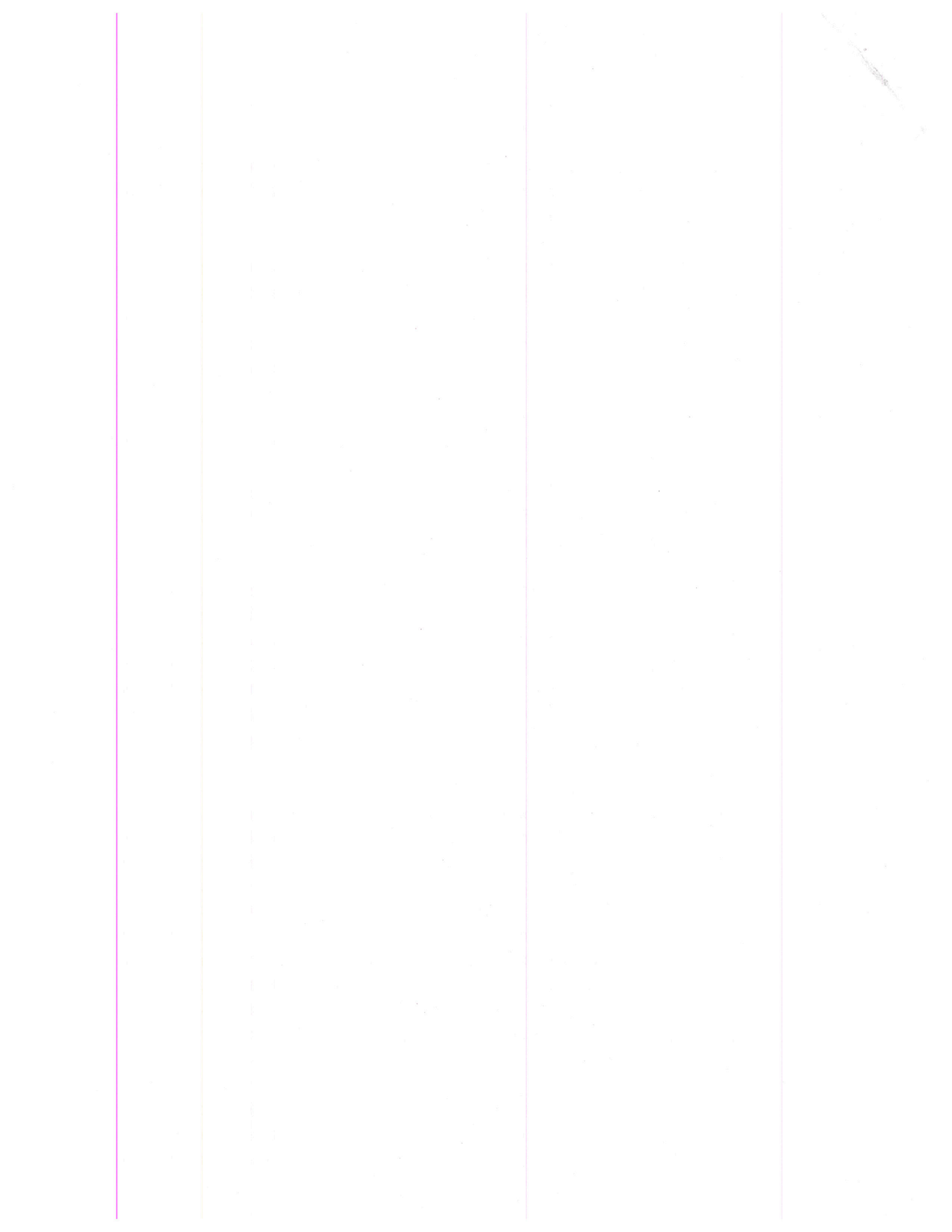


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prescribed security deposit while participating in tenders of Government Departments and Agencies under its control.

5. Principles to be observed in making purchases from outside the State by Government Departments/Government Agencies for the purpose of preparation of comparative price statement.

While preparing comparative price statement for evaluation of tender submitted, the VAT payable in Odisha shall be excluded and price comparison shall be made only on the basic price. However, any tax payable outside Odisha shall be added to the basic price for such price comparison. In case of VAT and CST payable for purchase of goods from outside the State, the principles enumerated below shall be followed.

- (i) The guidelines issued by Finance Department from time to time regarding principles to be followed in making purchases from outside the State vide F.D. Memorandum No.WF-1-3/89-18860(210)/F Dt.5.5.89, No.CTA-130/92-1897(225)/F Dt.13.1.93, No.CTA-147/98-48625(230)/F Dt.24.11.98 and No.CTA-50/2001-39386(273)/F Dt.21.8.2002 & Circular No.48317(230)/F., dated 23.11.2010 shall be followed.
- (ii) The said guidelines, inter-alia, stipulates that in comparing the cost of an article, if purchased from within the State with the price of similar article, if purchased from outside the State, the amount of Odisha Sales Tax (OST), now VAT should be deducted from the total cost since it accrues back as revenue to the State. If after such deduction, the cost of articles to be purchased within the State is not more than the cost including Central Sales Tax, transport and other charges of similar articles from outside the State, it would be economical to purchase articles within the State.
- (iii) Earlier, Government Departments were entitled to avail concessional rate of CST in case of inter-State purchase of goods by furnishing Form 'D' under CST Act. This facility of inter-State purchases by Government Departments against Form-'D' is no longer available as the same has been withdrawn w.e.f. 1st April, 2007 by the Taxation Laws (Amendment) Act, 2007. Accordingly, rate of tax on inter-State purchases (purchase from outside the State) by Government Departments can go up from 4% to 12.5%. Hence, purchase of goods from outside the State by Government Departments is no longer economical if such goods are available inside the State. Besides, purchase of goods from outside the State erodes the State's consumption base for taxation.
- (iv) These instructions are to be strictly followed by the Departments and Subordinate offices. It is further advised that if, in any case, after cost comparison of articles available inside the State with that of outside the State, a



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Government office decides to purchase goods from outside the State, the supplying dealer may be asked to supply the goods through billing by a branch office/a Sales Depot of the manufacture inside the State in order to protect State's consumption base for taxation.

- (v) These instructions will equally apply to statutory bodies, State Public Sector Undertakings and Autonomous Institutions under the administrative control of the State Government.

6. The guidelines issued by the erstwhile Industries Department vide their Notification No.I-SI-143/2009(Pt)/IND-2375, dt.11.2.2010 for constitution of Purchase Committee by inducting representatives of Director of Export Promotion & Marketing read with provisions of Rule-12 of the Delegation of Financial Powers Rules, 1978 shall be followed.

7. These guidelines/instructions enumerated above regarding procurement of goods from local MSEs registered with respective DICs, Khadi, Village, Cottage & Handicraft Industries, OSIC and NSIC shall be deemed to be a part of the Odisha General Financial Rules.

By order of the Governor


02/04/13

Additional Chief Secretary to Government



FINANCE DEPARTMENT

No. CTA-57/10-48317(230)/F., Dated : 23.11.2010

From

**Shri J. K. Mohapatra, IAS,
Principal Secretary to Government**

To

**All Departments of Government
All Heads of Department**

Sub: Principles to be observed in making purchases from outside State by Government Departments/Government Agencies.

Finance Department had issued guidelines from time to time regarding principles to be followed in making purchases from outside the State. The said guidelines have been circulated vide F.D Memorandum No. WF-1-3/89-18860(210)/F dtd. 05.05.89, No. CTA-130/92-1897(225)/F dtd. 13.01.93, No. CTA-147/98-48625(230)/F dtd. 24.11.98 and No. CTA-50/2001-39386(273)/F dtd. 21.08.2002.

2. In the said guidelines, it is stipulated that in comparing the cost of an article, if purchased from within the State with the price of similar article if purchased from outside the State, the amount of Orissa Sales Tax(OST) now VAT should be deducted from the total cost since it accrues back as revenue to the State. If after such deduction, the cost of articles to be purchased within the State is not more than the cost including Central Sales Tax, transport and other charges of similar articles from outside the State, it would be economical to purchase articles within the State.

3. Earlier, Government Departments were entitled to avail concessional rate of CST in case of inter-state purchase of goods by furnishing Form -'D' under the CST Act. This facility of inter-state purchases by Government Departments against Form-'D' is no longer available as the same has been withdrawn w.e.f 1st April, 2007 by the Taxation Laws(Amendment) Act, 2007. Accordingly, rate of tax on inter-state purchases (purchase from outside the State) by Government Departments can go up from 4% to 12.5%. Hence, purchase of goods from outside the State by Government Departments is no

longer economical if such goods are available inside the State. Besides, purchase of goods from outside the State erodes the State's consumption base for taxation.

4. It has come to the notice of the Government that these instructions are not being followed by some Departments and sub-ordinate offices. It is, therefore, once again impressed upon all concerned that the above guideline at Para-2 should be strictly followed hereafter. It is further advised that if, in any case, after cost comparison of articles available inside the State with that of outside the State, a Government office decides to purchase goods from outside the State, the supplying dealer may be asked to supply the goods through billing by a branch office / a Sales Depot of the manufacture inside the State in order to protect State's consumption base for taxation.

5. These instructions will equally apply to statutory bodies, State Public Sector undertakings and Institutions. The sub-ordinate offices and the Public Sector Undertakings under the control of each Administrative Department may be suitably instructed.

Sd/- J. K. Mohapatra
Principal Secretary to Government