

**Minutes of the meeting held in connection with the finalisation of Jharkhand Procurement Policy- 2013 under the Chairmanship of Development Commissioner on 21.01.2014 at 11.30 AM.**

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**Present:** List enclosed

At the outset Secretary, Industries explained that, based on feedback received from various Govt. Depts. and decisions taken in earlier meetings held under the Chairmanship of Development Commissioner on 8.6.2013 and 21.09.2013, necessary modifications/additions/deletions are being presented here for finalisation.

After deliberations on various aspects of the Draft Policy, the following decisions were taken:

- i) Provisions made for procurement of components from 'Exclusive List' in Turn-key Projects and methodology detailed in para 2.4.1 (a to d) of the Draft Policy were accepted. However, its implementation needs to be reviewed after six months preferably with a site visit of completed Turn-key job by Tendering Department officials to see if there is a need to modify for improving the methodology worked out.

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ii) Price quotation in tenders ( para 7a & 7b)

- Para 7 (a and b) should be clubbed and illustrated with an example

**Illustrative Example:**

Let us assume that five organizations A,B,C,D and E quotes for an item to be procured by a Govt. Deptt/ Aided Agency of Govt. of Jharkhand

A,B and C are organizations outside the State or Non- MSEs of the State and organizations D and E are MSEs of the State.

Organizations A, B and C, which are non- MSEs quotes Rs. 140, Rs. 125 and Rs. 100 respectively for an item to be procured. Thus least price quoted (L<sub>1</sub>) is by C.

Organizations D and E, which are MSEs of the State, quotes Rs. 115 and Rs.110 respectively for the item mentioned above.

Organization E is to be given the option of supplying maximum upto 20% of the required item at L<sub>1</sub> price provided the unit is having the production capacity to supply.

If the production capacity of E is not adequate to supply upto 20%, the balance ( remaining quantity of 20%) procurement

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can be made from organisation D whose quoted price is also within eligible price band.

iii) After considering the response of Government Departments the following modifications were done in 'Exclusive List' referred to as Annexure - 1 of para 8.1 of the Draft Policy:

**Additions to be done in the list of 29 items under 'Exclusive List'**

a) Alum

b) UPVC to be added with PVC.

c) While considering additions and deletions of items in the 'Exclusive List' the committee considered the issue of deletions of the following three items as recommended by Energy Deptt

- Transformer ( upto 200 KVA)
- Solar Lantern/ Street lightning/ Solar Water Heater Geyser/ Solar Irrigation Pump.
- Aluminium Wire.

The Committee agreed with the views of Energy Deptt. that number of MSEs producing above mentioned three items is not adequate and some of these units are not accredited with

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the National Accreditation Agencies. It was also noted by the committee that extensive rural electrification is envisaged in the State and, therefore, there is a need for encouraging MSE's of the State which are producing these items. Regarding concern of Energy Department on price, the committee decided to put a cap of 50% on procurement of these items from State MSE's and remaining 50% through open tendering. The Procurement from MSE's of the State will be done without compromising quality at the price quoted in open tendering. Accordingly, the Committee decided that 50% requirement of Govt. Depts and Aided Agencies of these three items or their production capacity of State MSE's, whichever is lower, will form part of 'Exclusive List'

**Deletions from 'Exclusive List'**

Oil, Grease and Lubricant to be deleted from the 'Exclusive List'

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- iv) All Govt. Depts were asked to indicate the yearly level of approximate consumption of items included in 'Exclusive List' to Industries Deptt. in a months time. Similarly production capacity of State MSEs supplying these items of 'Exclusive List' to Govt. Deptts. and Aided Agencies should also be ascertained by Industries Deptt.
- v) Tendering Deptts. shall adopt BIS Specification / Accreditation Norm of Notional Accrediting Agencies, wherever applicable, during procurement of items from 'Exclusive List'
- vi) **Rate Contract**

List of goods produced by State PSUs and required to be procured by Govt. Departments / Added Agencies is to be reserved for procurement via Rate Contract system.

The list of items and rates under rate contract system shall be prepared by a Committee under the Chairmanship of Development Commissioner. Other members of the Committee will include Principal Secretary/Secretary Finance, Planning,

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Industry, Vigilance, Labour including representative of the user departments. This will be done on annual basis. Other members of the above mentioned committee will include Director MSME- GoI/ Director Industries/ Director, Handloom, Sericulture and Handicraft/ Chief Executive Officer, KVIB/Director, KVIC/Representative of DGS&D in the State.

Goods or services, for which subsisting rate contract exists, shall be mandatorily procured following the rate contract system and shall not be procured by any other means.

- vii) Department of Industries should place a list of products being produced by state PSUs to the above committee headed by Development Commissioner for procurement under Rate Contract as envisaged in para 9 of the Draft Policy.
- viii) While preparing comparative price statement for evaluation of tender paper, the VAT payable in Jharkhand state shall not be included in the 'Quoted Price' or 'Selling Price'. However, any tax payable outside Jharkhand shall be added to the Quoted Price or Selling Price for such price comparison.

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- ix) Since representatives of almost all Govt. Departments and Industries Associations/ Bodies have participated in meetings held at Development Commissioner level during last eight months and have responded to various provisions of the policy; further meeting in this regard is not envisaged. Decisions taken in this concluding meeting should be incorporated in the Draft Policy.
- x) The Draft Policy was approved subject to the above mentioned modifications.

*[Signature]*  
29/1/14.

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(Development Commissioner)

Memo.No. 329.....Ranchi/Date... 3/2/2014.....

Copy to- Principal Secretary/ Secretary/ Drinking Water and Sanitation Department/ Energy Department/ Water Resources Department/ Forest and Environment Department/ Mines and Geology Department/ Revenue and Land Reform Department/ Institutional Finance Department/ Tourism Department/ Health, Education and Family Welfare Department / Commercial Taxes Department/ Information Technology Department/ Labour Employment and Training Department/ Road Construction Department/ Finance Department/ Human Resource Department/ Transport Department/ Building Construction Department/ Cabinet ( Vigilance) Department/ Public Department/ Co-operative Department/ Urban Development Department/ Science and Technology Relation Department and Director General of Police ( Home) Department/Principal private Secretary to Development Commissioner, Jharkhand for information and necessary action.

*[Signature]*  
Secretary Industries  
Jharkhand, Ranchi