



सत्यमेव जयते

Government of Bihar

Stores Purchase Preference Policy 2002

Department of Industries,
Government of Bihar,
Patna

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**Government of Bihar
Department of Industries**

Letter No. 2458 Patna, dated - 14th June, 2003

From,

Ashok Kumar,
Secretary.

To,

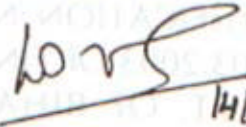
All Secretaries/Heads of Department.
All Divisional Commissioners.
All District Magistrates.

Sir,

A Copy of the english version of "**Stores Purchase Preference Policy, 2002**", Government of Bihar is enclosed.

The authentic Policy is in Hindi which has been issued vide Government Resolution bearing this Department's memo no. 3514 dated 28.09.2002.

Yours Faithfully,


14/6/2003

(Ashok Kumar)

Secretary,
Department of Industries,
Bihar, Patna.

ENGLISH VERSION

Government Of Bihar
STORES PURCHASE PREFERENCE POLICY - 2002
Department of Industries

RESOLUTION

Subject : Stores Purchase Preference Policy - 2002.

1. Whereas industry in general, and the cottage and the small industry in particular contribute significantly to the national and state economies by providing enormous employment opportunities to the people, both the Central and State govt. have adopted policies to promote and nurture them, hence on the pattern of the national and other state govts., the Govt. of Bihar too, as early as in July 1956, decided and directed all state controlled bodies to accord priority and price preference in Govt. purchases of stores manufactured by the cottage and small industries located within the state. Certain directions were issued by the deptt. of industries, Govt. of Bihar vide resolution nos. 726 and 7285 dated 30 July 1956 and 6 June 1984 respectively regarding such priority and price preference. The experience assimilated over the decades reveals that the relevant directions of the existing "Stores

"Purchase Preference Rules" need to be modified to make them more effective so that the desired objective can be achieved. The State Govt. has also decided to extend priority/price preference to stores produced by the medium/large industries of the state vis-à-vis the products of industries located outside the state.

2. Accordingly it has been resolved that following concessions shall be given with immediate effect to the industries located in the State of Bihar in purchase of stores by all Govt. deptts./Corporations/Board/Authorities/autonomous institutions, and all the following provisions shall apply :-

- 2.1 In order to obviate any loss to local industries arising out of tax differences prevailing in other states as well as to ensure uniform tax compliance, in all the tenders called by each Govt. deptt. there will be a mandatory provision that units located in Bihar or Corporate offices' local agent/authorized dealer of the manufacturing units located outside the State and registered with the Commercial Taxes deptt. Bihar only can participate.

NOTE : "Units situated in the State" means such units that are located and registered in the state of Bihar."

2.2 All the Govt. departments/Corporations/Boards/Authorities/and autonomous institutions in the purchase of stores shall accord:

(i) a maximum of 2% price preference to the stores produced by medium/large units (including public sector enterprises) vis-à-vis stores manufactured by medium/large units located outside the state of Bihar; and

(ii) a maximum of 7% price preference to the stores produced by operative small units permanently registered in Bihar, including the stores produced by Public Undertakings/Corporations/Khadi Board as compared to the stores produced by small/medium and large units located outside the state of Bihar.

2.3 If the quotations of two or more small units located within the state or their quotations are identical, the purchase orders shall be proportionately divided amongst the participating units in accordance with their production capacities.

2.4.1 All quotations/tenders must be submitted on FOR destination basis inclusive of all local taxes.

2.4.2 Subject to the provisions mentioned above,

whenever stores are purchased from units located outside the state, the supply against such purchase orders shall be executed only through their local branches/agents/authorized dealer and it will be ascertained that all the applicable taxes of the state have been paid.

2.4.3. After completion of the supply, while making payment the purchasing department shall ensure that the supplier has paid all the commercial taxes and send a confirmation to this effect to the Commercial Taxes Deptt.

2.4.4. It is resolved that only price preference shall be accorded in processing tenders and placement of purchase orders for stores produced by local units. There shall be no relief or compromise in the quality of stores and the schedule of supply.

2.5. Separate registration under the "Stores purchase preference policy" shall no longer be required and such practice be deemed as abolished. All the units in production located in the State and having permanent registration shall be eligible for benefits under this policy in respect of the items of their registration.

2.6 While according price preference to local units, it would also be in the interest of the state to ensure that

the stores are purchased only from those units which conform to prevalent national Standard/Recognized Standard of quality. Hence all tenders shall have an imperative condition that the quality of stores to be supplied must be in total conformity with the specifications laid down for the item by the national/international standard organizations (i.e. ISO/ISI/Agmark etc.). The tenders must also incorporate a condition that technical tenders and financial tenders shall be received in separate envelopes and firstly the envelopes containing technical tenders be opened and processed and only in the cases where they are acceptable/admissible as per corresponding terms of tenders, the accompanying financial quotation of the competing supplier shall be opened for consideration and finalization.

2.7. For the purpose of Govt. contracts, the small industrial units located in the State of Bihar will not be required to deposit 'earnest money'. However, they will have to deposit only 20% of the general security amount. After obtaining the purchase orders the units which fail to supply as per conditions laid down, actions will be taken for their black listing.

2.8. Each department/Corporation/Board/ Authority/Autonomous institution will constitute purchase committee at district level upon whose recommendation the concerned authority will finalize purchases.

2.9 Unless otherwise decided at the appropriate level in the interest of the work the purchasing department shall allow to the small industrial units a minimum period of 30 days from the receipt of the order to deliver the ordered items.

2.10 A copy of the order for purchase shall promptly be made available to the Department of Industries while another shall be prominently displayed upon the Notice Board of the purchasing department.

2.11.A In case any tenderer has a grievance against the whole or part of the decision of any Department/ Authority calling for tenders, he/she may file an objection in two copies within 10 days of the notification of the order for purchase on the Notice Board of the concerned Deptt., by remitting a non-refundable fee of Rs. 500 and an earnest money of Rs. 1000 along with an affidavit before the Appellate Committee for redress.

The Appellate Committee shall be constituted as follows:

(1) Industrial Development Commissioner/Secretary Industries - Chairman

(2) A senior officer nominated by Finance Deptt.

- Member

(3) A senior officer nominated by the concerned Deptt./ Board/Authority, etc. calling tender

- Member

(4) A technical expert of the tendered item (to be nominated by the Chariman)

- Member

(5) Director, Technical Development, Deptt. of Industry.

- Member-Secretary

2.11.B The decision of the Appellate Committee will be conveyed to the concerned Deptt. Corporation/ Board/Autonomous institution/Authority after approval of the Minister for Industry and the decision will be final and the concerned Deptt./Corporation shall ensure its implementation.

2.12.A The Industries Deptt. expects each Deptt./ Corporation/Board/Authority/Autonomous Institution to keep it informed about their recurring requirement of the stores on an annual basis so that the deptt.

disseminating the information among existing industries enabling them to produce those items as well as to establish and promote new units to cater to the need.

2.12.B In the first month of the financial year each Deptt./Corporation/Board/Authority/Autonomous institution shall make available to the industries deptt. the details, including the quantity/quality/price, of the stores purchased from industries located outside the state, especially those items purchased in the previous year, so that the deptt. may make efforts for their production in the State itself. In case of any alteration the information already sent will be promptly communicated by the Deptt. to the Deptt. of Industries.

2.12.C The Industries Deptt. shall prepare every year a directory of the small/medium and large industries depicting their in the installed capacities of those units.

2.13. For the solution of any particular difficulty arising out during the implementation of these policies the Industries Deptt. will make a decision with prior permission in concurrence of the Finance Deptt. and communicate to the concerned offices/persons and that shall be final.

2.14. To implement the above mentioned provisions with immediate effect all the controlling administrative departments will issue necessary and formal directions to the Corporations/Boards/Authority/Autonomous Institutions.

3 From the date of notification of this order, all previous notifications issued on this subject including "Bihar Purchase Preference Rules, 1975" (as amended from time to time) shall be deemed to be repealed.

ORDER : It is ordered that a copy of this resolution be published in the extraordinary issue of Bihar Gazette and copies be sent for information and necessary action to all Departmental Heads/Corporations/Boards/Authorities/Autonomous Institutions/concerned offices/All Commissioners/All District Magistrates/All Deputy Development Commissioners.

By the order of the Governor of Bihar,

Sd/-

Ashok Kumar

Secretary

Department of Industries, Bihar, Patna.

Government of Bihar
FINANCE DEPARTMENT
Notifications

S.No..... Patna -15, dated.....

Where as a resolution has been issued by the Industry Department under memo no. 3514 dated 28.09.2002 regarding the 'Stores Purchase Preference Policy, - 2002. In which it has been decided to give certain concessions with immediate effect to industries located in the State of Bihar for purchases of articles by all Departments/Corporations/Authorities/Boards/Autonomous Institutions, resulting of that it is required to amend the Preamble of Appendix - 8, rule - 2 of Appendix - 8 and rule - 129 of Bihar Financial Rules. Now, Therefore, in exercise of the powers conferred under sub sections (1) and 3 of The Bihar Finance Act, 1981. The State Government of Bihar make The Following The Bihar Finance (Amendment) Rules 2002 to amend the Bihar Finance Rules:-

The Bihar Finance (amendment) Rules, 2002

1. Short title, extent and commencement :

(a) These rules may be called The Bihar Finance (Amendment) Rules, 2002.

(b) It shall extend to the whole of the state of Bihar.

(c) It shall come in to force at once.

2. Substitution of Preamble of Appendix 8 of The Bihar Finance Rules :-

Preamble of Appendix 8 of the The finance Rules shall be substituted by the following :-

"The purchase of articles required for State Services be made in such a way as to encourage the development of industries of Bihar consistent with economy and efficiency. For this, in consonance with the Store Purchase Preference policy, 2002 of the Department of Industries, maximum 2 (two) percent price preference will be given to the articles produced by the large/medium industries (including Public Sector Undertakings) located and registered in the State over the articles produced by the large/medium Industries located outside the State of Bihar in purchase of articles to be made by all the departments of the State Government Corporations/Boards/ Authorities and Autonomous Institutions of the State. Similarly, 7 (seven) percent price preference will be given

to the article produced by the small scale units located and permanently registered in the State of Bihar over the articles produced by the small/medium/large Industries located outside the State. While giving price preference, it must be ascertained that purchases are made from such units which are maintaining prevalent/recognized standard of quality at the national level."

3. **Substitution of Rule 2 of Appendix 8 of The Bihar Finance Rule :-**

Rule 2 of Appendix 8 of The Bihar Finance Rules shall be substituted by the Following :-

"Where the purchase is proposed for not more than Rs. 20,000/- (twenty thousand), such purchases may be decided on the basis of Price list received from the unit located in India. In all other cases (except the specified exceptions mentioned in the rules below) tenders shall be invited for all purchases. It will be provided in every tender that only the Industrial units of Bihar and such corporate offices/local offices, agents, authorized dealers of producing units of outside state, which are registered under commercial taxes of the Bihar State may participate in the tender.

Except in the cases of purchase of articles of

general use from the local market, e.g. Stationery etc. tenders will be invited in the duplicate envelope system. Technical and Financial bids shall be received in separate sealed covers. In any particular case if there is any doubt about application of duplicate envelope system, the decision of the Department of Industries will be final in such a case. The technical standards (e.g. I.S.I., I.S.O., Agmark, etc.) required for the participants of the tender shall be mentioned in the tender and the Financial tender of only those units shall be opened whose technical tenders are found to be consistent with the technical standards. The small scale units situated in Bihar shall not be liable to deposit earnest money for the government purchases. They will have to deposit only 20 percent of the amount of general security. However, after receiving the purchase order, if they fail to supply the articles, without any appropriate reason, they will be blacklisted as per procedure laid down.

Articles so purchased shall be subject to inspection before acceptance and articles for which specifications or tests or both have been prescribed by the purchasing officer shall be required to confirm to such specifications and only after that the articles shall be received."

4. **Amendment of Rule 129 of The Bihar Finance Rules:-**

"After The words of The First sentence Purchase must be made in the most economical manner in accordance with the definite requirements of the public service" used in the rule 129 of the Bihar Financial Rules The following sentence shall be inserted :

"Preference in value, in the context of Store Purchase preference Policy, 2002 may be given to the extent (percentage) mentioned in the preamble of the Appendix-8."

5. **Addition of clause (a) (b) and (c) in sub rule 6 of Rule 30 of The Bihar Finance Rules :-**

The following clauses (a), (b) and (c) shall be added in sub rule (vi) of rule 30 of the Bihar Finance Rules:-

- (a) Whenever, tender is invited for any work and single tender is received, immediately second tender should be invited.
- (b) If after second invitation also single tender is received, that will be decided by the authority just above the rank of the competent authority.
- (c) All cases of relating to purchase of articles/store/

printing work from any particular company/Firm/Printing Press on the basis of nomination shall be placed before the council of ministers through memorandum by the concerned administrative department after obtaining the consent of the Finance Department and stating there in full justification of the proposal. The purchase/printing shall be made only after the sanction of the Council of Ministers.

6. Addition of clause (a), (b), (c) and (d) in the Rule 234 of Bihar Financial Rules :-

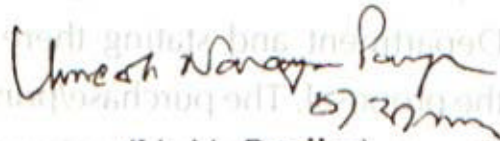
For work Department the following clauses shall be added in Rule 234 of The Bihar Financial Rules :-

- (a) Whenever tender is invited for any work and single tender is received either on scheduled rate or on the rate higher or lower than that, immediately second tender should be invited.
- (b) If after second invitation more than one tenders are received or single tender is received on scheduled rate or on the rate lower than that, that will be decided by the competent authority itself.
- (c) If after second invitation single tender is received on the rate higher than the scheduled rate, that should be decided by the tender execution authority one level

higher than the Competent Authority.

(d) This procedure should be made applicable for all the works Departments.

By the order of Governor, Bihar

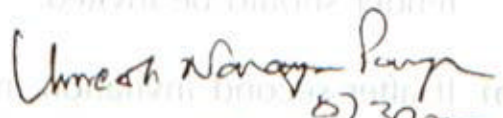

(U. N. Panjiar)

Commissioner and Secretary

Finance Department

Memo No. 1731 267 Patna, dated ...5.3.03.

Copy forwarded to the Superintendent, Government Press, Patna for publication in extraordinary issue of Bihar Gazette. It is also requested to him to make arrangement for providing 500 copies of the gazette published.


(U. N. Panjiar)

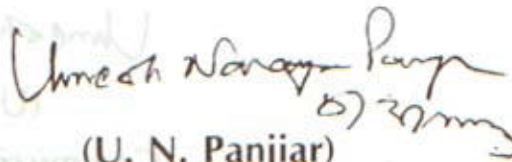
Commissioner and Secretary

Finance Department

Memo No. 1731 267 Patna, dated ...5.3.03.

Copy forwarded to Chief Secretary, Bihar/

Principal Secretary to Chief Minister/Developement
Commissioner/Secretary, Cabinet and Co-ordination
Department/Commissioner, Commercil Taxes Department/
all Area Development Authorities/Chairman, Bihar State
Electricity Board/Resident Commissioner, Bihar Bhawan,
New Delhi/All Commissioner and Secretaries/All
Secretaries/All Divisional Commissioner/All District
Magistrates/All Deputy Development Commissioner/All
District Development Commissioner/All Regional
Industrial Directorates/General Manager, District Industries
Centre/Director, Handloom and Sericulture/Director, Small
Industry Service Institute, Patna/Muzaffarpur for
information and necessary action.



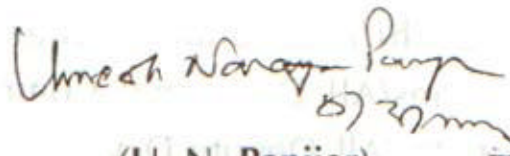
(U. N. Panjiar)

Commissioner and Secretary

Finance Department

Memo No. 1731 267 Patna, dated 5.12.03.

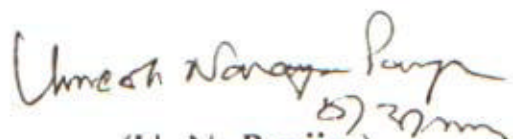
Copy forwarded to all officers concerned for information and necessary action.


(U. N. Panjiar)

Commissioner and Secretary
Finance Department

Memo No. 1731 267 Patna, dated 5.12.03.

Copy forwarded to Principal A.G. Bihar & Jharkhand Ranchi/A.G Patna for information and necessary action.


(U. N. Panjiar)

Commissioner and Secretary
Finance Department