The Orissa Gazette

EXTRAORDINARY
PUBLISHED BY AUTHORITY

No. 1777 CUTTACK, THURSDAY, NOVEMBER 2-, 2003 / KARTIKA 29, 1925

No.19857-ISI-48/2003-I.

GOVERNMENT OF ORISSA
INDUSTRIES DEPARTMENT

RESOLUTION

The 19th November 2003

SUBJECT – Rules of Rate Contract with Small/Medium/Large Scale Industries**.**

In accordance with Industrial Policy Resolution 2001 the following Rules for Rate Contract with Small/Medium/Large Scale Industries are made. These rules will supersede the rules of 4th May 1994 circulated by Industries Department.

ORDER – Ordered that the Resolution be published in the extraordinary *Orissa Gazette* and copies thereof be forwarded to all Departments of Government and all Heads of Departments and Accountant General, Orissa (150 copies to Industries Department).

By order of the Governor

R.N. MISHRA
Joint Secretary to Government

Rules for Rate Contract with the Small Scale Industries of Orissa registered with the Directorate of EP&M, Orissa

CHAPTER –I

1. TITLE:-

These rules may be called the "Rules for Rate Contract with Small Scale Industries of Orissa registered with the Directorate of EP&M, Orissa". They shall come into force on the date of their publication in the official Gazette.

2. REPEAL AND SAVINGS**:-**

The Rules, instructions and orders corresponding to these rules and in force immediately before the commencement of these rules are hereby repealed:

Provided that Rate Contracts made and remaining operative till the date of enforcement of these rules shall be deemed to have been made under these rules:

Provided further that actions taken for invitation of tenders/offers from Small Scale Industries for determination of rates or conclusion of Rate Contract under the Rules, instructions, or orders in force prior to enforcement of these rules shall be deemed to have been taken under these rules.

3. DEFINITIONS**:-**

In these rules, unless there is anything repugnant in the subject or context -

a)'Appointed day' means the day following immediately after the expiry of the period of thirty days from the day of acceptance or the day of deemed acceptance of any goods by an Indenting Officer from a supplier.

Explanation-The 'day of acceptance' means the day of actual delivery of goods.

b)'Contractor' means the Small Scale Industry with whom the contract is made for supply of store(s) at a price determined by the Director and includes his heirs, executors, administrators or successors and permitted assignees, as the case may be:

c) ‘Director’ means the Director of Export Promotion and Marketing, Orissa;

d) ‘Directorate’ means the Directorate of Export Promotion and Marketing, Orissa;

e) ‘Inspecting Officer’ means the inspecting officer of Inspection Wing of the Directorate of Export Promotion and Marketing or any technically sound and qualified person duly authorized by the Director for any specific purpose of inspection.

f) ‘Indenting Officer’ means the Officer of State Government/ Statutory Corporations / Statutory Boards / State Owned Corporations / Companies / Universities / Municipalities / Notified Area Councils/ Regional Development authorities / Cooperative Societies / Government Agencies and State Aided Institutions placing orders for supply of store(s) with the contractor;

g) ‘Offerer’ means small scale industrial unit registered with Directorate of Export Promotion & Marketing, participating in the offer called for by the Director,

h) ‘Offer Notice’ means an invitation to small scale industries to offer their prices of store(s) presented through material analysis and cost analysis and refer to the sale price claimed as per cost analysis report vide **Annexure-III**;

i) ‘Period of Contract’ means the period for rate contract which shall be normally for a period of one year from the date of notification of such rate contract by the Directorate, extendable by another one year with two six monthly instalments, upon expiry of the previous Rate Contract if the Director feels it necessary, after getting recommendation from the Cost Committee.

j**)** ‘Rate Contract’ means submission of offer, offer instruction issued to offerers, fixation of the final contract rate, acceptance of rate, general and special conditions specified in the offer notice and in the acceptance of offer and the conditions of contract.

k) “Rate” means the final price of the store(s) determined by the Directorate on Ex-factory basis.

l) 'Store'/Rate Contract items means the goods manufactured by Small Scale Industry which the contractor has agreed to supply under the Rate Contract which can not be tendered by the State Govt. Department & agencies under the control of the State Govt. In case any Govt. Department/Agencies invites tender for the R.C. items, the DEPM should have the power to cancel such tenders.

m) 'Test' means such tests as are prescribed or considered necessary by the Director or the Inspecting Officers to be done in the Testing Laboratory of the Directorate as well as such other authorized laboratories in and outside the State of Orissa.

n) Terms and expressions not herein defined shall have the meanings assigned to them in the Sale of Goods Act, 1930 or the Indian Contract Act,1872 or the General Clauses Act,1897, as the case may be.

o) Small Scale Industry means a Small Scale Industry registered as such with any of the District Industries Centers (DIC) of the State under the Directorate of Industries of Govt. of Orissa.

CHAPTER-II

4. (i) The Policy of rate contract which is stipulated in Para 24.4 and 24.5 of the IPR 2001 seeks to protect the small scale industries of the State vis-à-vis other industries of the State and outside the State in respect of the purchases made by the Govt. Departments and Agencies under its control.

(ii) Rate Contract in respect of specific store items not in the exclusive list and manufactured by the local small scale industrial units shall be finalized by the Directorate of Export Promotion and Marketing on the basis of competitive offers called from them. The State Govt. Departments and Agencies under the control of the State Govt., shall purchase the rate contract items from the rate contract holding small scale industries at the rate contract price without inviting tenders.

The Rate Contract items can not be tendered.

5. (i) The main criterion for selecting any store for rate contract shall be that the store is in repetitive demand and is in common use and its price is not subject to frequent market fluctuations.

(ii) If the annual requirement of any store is not of substantial quantity and value, such store may not be selected for rate contract. The minimum requirement of store shall not be less than Rs.1,00,000 per annum in the Government sector.

(iii) If any store is found obsolete or no more in demand, it may be eliminated / excluded from rate contract.

(iv) The selection of store for rate contract shall be examined and recommended by a Committee consisting of Joint Director(Marketing) as its Chairman, Deputy Director(Marketing),Deputy Director(Statistics), Joint Director(Inspection) and one common representative nominated by the Apex State Level Small Scale Industries Associations as Members with the Deputy Director (Marketing) as its Member Convener, and the decision of the Director on the recommendation of the Committee shall be final. The selection of store(s) shall be made from among the products manufactured by the Small Scale Industries located in the State and registered with the Directorate.

6. (i) In order that the stores selected for rate contract conform to quality specifications, the raw materials, machineries, equipment and the manufacturing process of the stores, etc. as deemed necessary, shall be inspected by Inspecting Officers and tested in the laboratories of the Directorate, and/or other authorized laboratories in or outside Orissa in case test facilities are not available in the laboratories of the Directorate. The store(s) in general, shall conform to ISI specifications. Where however, there is no ISI specification laid down, the store(s) may conform to the standards as may be specified by the Indenting Officer. Exemption from test shall not be allowed to any store(s) in cases where standard or quality specifications are not available. In such a case, such store(s) shall not be

allowed registration under the Directorate and such store(s) shall not be selected for Rate Contract.

(ii) The goods being manufactured by the registered small scale industries shall be subjected to an annual testing by the Directorate on the authorisation of the Director to ensure quality. The SSI units shall not be charged with any testing fee for such annual tests.

Apart from annual tests, Director shall cause testing and inspection of any registered units, if any complaint is received against any such unit, or as and when the Director feels the testing and inspection is necessary to ensure quality.

(iii**)** The samples for test shall be drawn by any Inspecting Officer of DEPM.

(iv) Rate Contract shall be refused by the Director in respect of any Small Scale Industry where the results of the test do not conform to the minimum quality/standard specifications.

(v) All samples drawn for test shall be supplied by the contractor free of cost and transported to the specified laboratory at the contractor's cost. It shall be obligatory on the part of the SSI units to submit the required sample(s) for the testing purpose along with the required testing fees to the concerned laboratories of the DEP&M within 7 (seven) days from the date of the drawal of the sample(s) by the Inspecting Authority of the Directorate.

(vi) To protect the interests of Small Scale Industries, and to ensure supervision, two sets of samples shall be simultaneously drawn and sealed as prescribed. One set will be retained by the Small Scale Industrial unit and the other set will be sent to Specified Laboratories for tests. In case of any dispute for purpose of supervision or otherwise, the samples preserved in the industrial Unit will be utilized. Samples preserved by Small Scale Industrial Units shall not be destroyed without prior approval of the Director.

(vii) The test report of the laboratory shall be final and binding on the contractor, unless otherwise contested by the contractor within 15 days of receipt of test report before the Director.

CHAPTER III

PROCEDURE FOR ENTERING INTO RATE CONTRACT

7. (i) The Director shall, upon selection of store(s) for Rate Contract, issue notices to the Small Scale Industries to offer their sale price claimed as per Cost Analysis Report vide Schedule III. Offer Notice shall be issued by the Directorate before 2 (two) months of the expiry of the Rate Contract.

(ii) There shall be a Cost Committee Comprising (a) Joint Director (Inspection) as its Chairman, and (b) Deputy Director(Statistics), (c) Deputy Director (Marketing)/ (d) Representative of major purchasing Departments, (e) one common representative nominated by Apex State Level Small Scale Industries Associations as Members with (f) Deputy Director (Costing)/ Assistant Director (Costing) as its Member-Convener, to aid and advise the Director, to arrive at a reasonable price for the purpose of Rate Contract. In absence of Joint Director (I) any other Joint Director on approval of Director shall be the Chairman and one technical officer in the rank of Assistant Director (Inspection) will be co-opted as Special Invitee. The Committee shall meet as often and frequently as may be deemed necessary. In the absence of any member, the rate contract will be concluded provided there is a quorum. The quorum shall be majority of the membership of the Committee.

(iii) Upon selection of an item for conclusion of rate contract, the Apex Associations representing the Small Scale Industries of the State shall be intimated by the Directorate to disseminate the said information to their member-units requesting them to submit their offers to the Directorate and be placed in the

Directorate's Website. Offers shall be submitted by the offerers within one month of the date of advertisement with all required documents as prescribed and complete purchase vouchers of the raw materials and audited/ C.A. certified annual Balance Sheets & Profit and Loss Accounts of the previous financial year, failing which the offers shall be summarily rejected.

Any SSI unit which does not participate in the offer despite having valid EP&M Registration and/ or does not submit complete current raw material vouchers along with offer shall be made ineligible for the Rate Contract and the Parallel Rate Contract during the validity period of the said Rate Contract.

The offers shall be accompanied by an application fee of Rs.500/- in the form of T.R./I.P.O.

8. (i) The rate to be quoted by the offerer shall be the lowest workable rate(s) on Ex-factory basis acceptable to the offerer per unit as may be stipulated by the Director and shall specifically indicate whether the rates are inclusive or exclusive of duties and taxes, as applicable.

ii) The prices offered by the Small Scale Industrial Units shall be compared with the open market prices of reputed manufacturers and/or the rate contract price of the Director-General of Supplies and Disposal, if any for the purpose of analysis and workability of rate(s) taking into consideration the Cost Analysis Report of Small Scale Industrial units. The Director shall cause assessment of the cost of the store item on the basis of the lowest current raw materials rate(s) as per the current purchase bills submitted by the offerers. Overhead cost shall be calculated on average basis subject to all the offerers submitting their latest audited balance sheets failing which the lowest overhead cost shall be considered. If the valid DGS&D rate is available for the store item with similar specifications of the Directorate, the difference between the rate contract rate of the Directorate and the DGS&D rate shall not be more than 5%.

As an encouragement to promote quality the store items being supplied to the Government under the Rate Contract shall be made eligible for 2% price preference for ISI mark and 3% for ISO Certification holders over and above the rates fixed in the Rate Contract. Any unusually high or low price offered without

any reasonable correlation with market rate and/or any unholy alliance or cartel to affect the price structure will be liable for rejection.

AMENDMENT to Clause-8(ii):

Amendment Resolution No.I-SI-48/2003-9846/I dt. 08.06.2004

"ii) The prices offered by the Small Scale Industrial Units shall be compared with the open market prices of reputed manufacturers and/or the rate contract price of the Director-General of Supplies and Disposal, if any, for the purpose of analysis and workability of rate(s) taking into consideration the Cost Analysis Report of Small Scale Industrial units. The Director shall cause assessment of the cost of the store item on the basis of the lowest current raw materials rate(s) as per the current purchase bills submitted by the offerers. Overhead cost shall be calculated on average basis subject to all the offerers submitting their latest audited balance sheets failing which the lowest overhead cost shall be considered.

As an encouragement to promote quality the store items being supplied to the Government under the Rate Contract shall be made eligible for 2% price preference for ISI mark and 3% for ISO Certification holders over and above the rates fixed in the Rate Contract. Any unusually high or low price offered without any reasonable correlation with market rate and/or any unholy alliance or cartel to affect the price structure will be liable for rejection.

Order – Ordered that the Resolution be published in the Extra-Ordinary issue of Orissa Gazette."

(iii) The Director shall cause cost analysis of the store items within a period of 60 days from the date of receipt of offers subject to submission of complete current raw material bills and other prescribed documents by the offerer(s).

(iv) The price so determined by the Director shall be communicated to the Small Scale Industrial units and upon acceptance by the Small Scale Industries the rate contract will be concluded.

(v) In case the Small Scale Industry(ies) refuse(s) to accept the price, the request of the contractor for rate contract at the same price on a subsequent occasion during the currency of contract shall not be entertained. Where for any item almost all the rate contract holders fail to give their consent since the rate is unworkable, the Director shall immediately cause review of the rate recommended by the Cost Committee. The Drugs Committee constituted by the Government for pharmaceutical products may be kept at par with the Cost Committee as the case may be.

vi) After determination of the final rate, the contractor shall be asked to give his consent to the price within 30 days from the date of issue of the willingness notice. Any offerer who has not submitted willingness within 30 days of the date of issuing willingness notice shall not be eligible for rate contract as well as parallel rate contract during the contract period. Failure on the part of the Small Scale Industry to comply within the specified period shall disqualify him/her for rate contract during the period of contract, unless in the opinion of the Director, prevailing conditions have disabled the contractor from submitting his willingness to the rate(s).

vii) In determining the price the Director and the contractor shall also see that the prices quoted are in conformity with the price control orders either for raw material or finished goods, if any, issued by the Government of India or the State Govt. from time to time.

viii) If at any time after fixing the rate, before or after entering into rate contract, it is brought to the notice of the Director by a majority of contractors that the rate so fixed is not workable or that there has been a material error in computing the rate, the Director may cause revision of the said rates after being satisfied that there are valid grounds for the same.

ix) All offers shall be submitted in duplicate in the form prescribed in Schedules I to IV and all documents submitted with the offer shall be serial numbered and self-attested. Additional papers affixed to the schedules shall be

adequately authenticated by the offerer. Absence of any document may make the offer liable for rejection.

x) The person signing the offer documents or otherwise connected with the contract shall mention his official status in respect of the offering Small Scale Industries and shall furnish authenticated copies of documents in support thereof.

xi) The offer shall be sent either by registered post or deposited in the "Offer Box" or at the receiving counter along with a list of documents submitted along with offer.

xii) Offers received after the date fixed by the Director shall not be considered.

Provided further that if the last date fixed for receipt of offers happens to be a holiday, the next working day shall be deemed to be the date for receiving the offer.

xiii) Offerers or their authorized representatives may remain present at the time of opening of offers.

xiv) No rate contract will be concluded if valid STCC and copy of valid EP&M Registration Certificate have not been submitted at the time of giving consent to the rate.

9. PRICE VARIATION:-

(i) The Director shall have the power to enhance or reduce the price of a store if during the period of the contract; the cost of manufacture has undergone substantial change on account of change in the price of raw material or other components of production.

(ii) In case where the prices of certain new materials are regulated by Government of India or State Government, the Director shall have the power to change the prices of the stores covered by the contract incorporating the change in

the prices of raw materials as effected by Government of India or State Government.

(iii) It shall be the duty of the contractor to intimate the Director about changes in the prices of raw materials and other components of manufacture during the period of contract which might result in change in the final price in either direction. Failure to furnish this information to the Director shall amount to breach of conditions of contract on the part of the contractor.

The contract shall be drawn up and communicated to the contractor in the form at Schedule-V.

(iv) All Indenting Officers of Govt. Departments/Agencies shall intimate their annual requirement of store items to the DEPM by 31st May of every year.

10. PARALLEL RATE CONTRACT :–

The Small Scale Industries registered with the Directorate after execution of the original rate contract may be allowed parallel rate contract for the store at the contractual price for the un-expired period of the existing rate contract.

The Directorate of E.P.M. would notify only one original Rate Contract and all subsequent Rate Contract Circulars for the same shall be parallel in nature subject to submission of applications by the S.S.I. Units with prescribed documents. For parallel Rate Contract, submission of vouchers and costing is not required. Any SSI unit holding valid Registration with the Directorate as on the date of offer notice which did not participate in the offer, shall not be eligible for Parallel Rate Contract. However, in case of genuine problems disabling his participation in the offer, he may appeal to the Director for consideration.

Provided that no Parallel Rate Contract shall be allowed if the period of validity of the existing Rate Contract has thirty days or less to expire.

Application fees for Parallel Rate Contract shall be Rs.1000/- (Rupees One thousand) only paid in the shape of Treasury Receipt/ IPO.

11. CONDITITIONS OF CONTRACT -

i) A person submitting the offer and/or signing the contract shall be normally the proprietor/the Managing Director/Managing Partner of the Small Scale Industry or a person holding registered power of attorney from the management of the firm.

(ii) All changes in the Constitution of the firm/ company done in pursuance of the relevant laws in force, shall be intimated by the contractor to the Director and the contract shall be amended accordingly, if necessary. Failure to do so shall result in cancellation of the rate contract.

(iii) If the contract is not cancelled as provided in sub-clause (ii) above not withstanding the change the Small Scale Industry shall continue to be liable under the rate contract for acts of the firm until action is taken under these rules.

(iv) The contract may contain a clause prescribing a time schedule for delivery of the stores of specific monetary value. The time schedule shall be so drawn up as to allow the contractor reasonable time to supply the store.

Provided that in emergent cases the period of delivery may be mutually settled between the Indenting Officer and the Contractor:

Provided further that in case of disputes between Indenting Officer and the contractor regarding the period of delivery, the decision of the Director shall be final.

v) The Contractor shall in no event sell the store covered under contract or store of identical description at a price different from the contractual price to the indenting officer.

12. DESPATCH OF STORE ITEMS:-

(i) Packing-The contractors shall be held responsible for adequate safe and proper packing of the stores if the stores are to be transported by rail/road or by

any other means of transport so as to prevent loss or damage in course of transportation or on arrival at the destination.

(ii) Unless otherwise provided, the mode of transport and the cost thereof, shall be mutually settled between the Indenting Officer and the Contractor. Any dispute regarding liability of either party due to default on either part may be referred to the Director whose decision shall be final and binding.

(iii) All supplies shall be on F.O.R. basis. Mode of transport, cost of transport, loading and unloading charges etc. shall be mutually decided by the Contractor and the Indentor. In case of any dispute, the matter shall be referred to the Director and the decision of the Director shall be final.

iv) It shall be the responsibility of the Contractor to deliver the stores in good condition. Any damage or deficiency noted in the supplies made shall be intimated to the contractor within a period of 15 days from the date of receipt of the goods and shall be made good by the latter within a period as may be reasonably specified by the Indenting Officer, failing which the Indentor may make good the deficiency and get the expenditure recovered from the Contractor. Any amount payable by the contractor shall be recoverable as a public demand under the Orissa Public Demand Recovery Act, 1963.

13. Payment –The Indenting Officer shall make immediate payment of the dues payable to the Supplier against supplies made under the rate contract. Payment should be made within 30 days from the date of receipt of stores failing which "Interest on Delayed Payments to Small Scale & Ancillary Industrial Undertakings Act, 1993" shall be enforced for realisation of their dues.

14. INSPECTION:-

(i) The Inspecting Officer authorised by the Director shall have the power to inspect the small scale industries and their store items, manufacturing process, purchase vouchers relating to the store items as may be necessary. It shall be the duty of the contractor to provide all facilities for inspection. Such inspections

shall be with prior intimation to the unit unless the inspection is required to be a surprise inspection. The Inspecting Officers are empowered to inspect any documents relevant for inspection.

ii) If no complaint is received within 30 days of receipt of the consignment by the indenter, it would be presumed that the stores are up to standard and the Indenter shall have to accept them.

iii) Pre-delivery inspection of stores can also be done by the Inspecting Officers or jointly by the Inspecting Officers and the Indenting Officer(s) or his authorized representative(s) at the specific request of the Indenting Officer on payment of a fee as approved by the Government.

iv) If pre-delivery inspection is a condition of supply order, it shall be the duty of the contractor to inform the Director for inspection well in time and prior to despatch and that such PDI shall be completed within 21 days of the request by the offerer. Any delivery of stores without "Certificate of Inspection" will be a contravention of contract. The Indenting Officer or Director may reject the delivery.

v) In case of dispute regarding the standard and quality of the store, the matter may be referred to the Director by either party who shall settle the matter with reference to the stipulated standard specifications or quality requirements.

(vi) If pre-delivery inspection is not a pre-requisite for delivery of stores, the Indenting Officer can requisition the services of Inspecting Officers of the Directorate of Export Promotion and Marketing for inspection prior to delivery of stores. Any stores supplied against express instruction of Indenting Officers for pre-delivery inspection are liable for rejection.

vii) The contractor shall be responsible for all loss, destruction, damage or deterioration of or to the stores, from any cause whatsoever while the store(s) after inspection are awaiting despatch or delivery or in the course of transit.

viii) No routine inspection shall be conducted by the Directorate unless a specific complaint is received against the small scale industry.

15. Cancellation of Contract:-

(i) The Director shall have the power to cancel/revoke the contract during its currency if the contractor has violated any of the conditions of the contract as stipulated in these rules. Before canceling/ revoking the rate contracts, show cause notice may be issued and at least one personal hearing be granted to the affected contractor, if he so desires.

(ii) The Director may also revoke the contract at any time for any of the following reasons:-

(a) If the management of the Small Scale Industry is found guilty of malpractices like bribery and corruption;

(b) Where the Partners/Officers/representative of the Small Scale Industry are convicted for offences involving moral turpitude in relation to business dealings or security considerations or loyalty to the State or criminal offences and for insolvency declared under the due process of law:

Provided that the contractor shall be given adequate opportunity by the Director to show cause and explain his position before revocation/cancellation of the contract is ordered;

(iii) The Director may at his discretion, depending on the gravity of the offence, shall have the power to suspend the contract till the final disposal of the case for revocation/cancellation of the contract.

(iv) If the offence is sufficiently grave in the opinion of the Director, a contractor can be banned from business dealings with the Government Departments and Agencies under their control subject to prior approval of the Secretary, Industries Department, Govt. of Orissa.

16. Settlement of disputes: – In the event of any dispute between the Indenting Officer and the contractor, the matter shall be referred to the Director by either of them and the decision of the Director shall be final and binding on both parties.

17. State Government Departments and Agencies under the control of State Government shall purchase rate contract items from the rate contract holding small scale industries at the price fixed without inviting tenders. No tender shall be invited by the State Government Departments and Agencies under the control of State Government for the store items under Rate Contract having the same name and style with nomenclature or with minor modification of the specifications. Government Departments and Agencies under its control shall purchase the stores having valid rate contract at the rates so fixed in the Rate Contract and from the valid Rate Contract holding SSI units.

Matters regarding floating of such tenders brought to the notice of the Director by the contractor or by the Apex Associations shall be immediately taken up by the Director with the Indenting Department for cancellation of such tenders and the Indenting Department shall cancel such tenders forthwith.

18. GRIEVANCE COMMITTEE - There shall be a Grievance Committee consisting of Director EPM, Joint Director Inspection, Joint Director Marketing along with Representative of Apex State Level Small Scale Industrial Associations in order to look into the problems of registered SSI units. The Committee shall preferably sit once in a month.

19. The offers, willingness letters and Rate Contracts shall be signed by an officer not below the rank of Assistant Director.

20. **GENERAL CONDITIONS OF RATE CONTRACT: -**

1. The contractor shall manufacture the store(s) in his factory premises as per standard/ quality specifications set forth in Statement –'A'.
2. Supply orders may be placed by Indenting Officers on or before the last date of the contract. Supply orders placed during the closing dates of the contract shall be complied within due course in accordance with the terms of the

contract even though in some cases store(s) cannot be manufactured and supplied within the last date of the contract. In case of such suppliers, the prices stipulated in the contract as on the date of issue of the supply order shall be enforceable.

3. The contractor shall supply store(s) prescribed in Statement –'A" from time to time in such quantities as may be specified in the indents of the Indenting Officer at the rates set forth in Statement 'A'. The Indenting Officer shall not, however, indent for more than 25 per cent of the quantum of stores in excess of the quantity specified in column 5 of Statement-'A'.
4. The Indenting Officer shall specify reasonable time for delivery of stores keeping in view the approximate time to be taken by the contractor to manufacture the store(s).

   In emergent cases, however, the period of delivery shall be mutually decided by the Indenting Officer and the contractor but emergent indents should be restricted to the minimum.
5. In case the contractor fails to execute the order within the prescribed/ mutually agreed time schedule liquidate damages @2.5 per cent of the value of the quantum of materials involved in the delay shall be realised from the contractor by the Indenting Officer from the bill.
6. The contractor shall acknowledge the supply orders received from the Indenting Officer within seven days from the date of receipt of the order.
7. The contractor shall be responsible for adequate and proper packing of the store(s) and insurance in order to ensure safe delivery without damage. The mode of transport of freight thereof and insurance coverage may be mutually decided by the Indenting Officer and the contractor.
8. While it shall be the responsibility of the contractor to manufacture and supply the store according to the standard specifications set forth in Statement 'A', it shall be the responsibility of the Indenting Officer to verify and ensure the quality of the store(s) at the time of delivery. If in the opinion of the Indenting Officer any consignment of store (s) does not conform to the standard specifications set forth in Statement 'A' he shall segregate the store(s) and

report to the contractor within fifteen days under intimation to the Director. In case of rejection of store(s) by the Indenting Officer on grounds of quality, the contractor shall make good the shortfall within the period as may be reasonably specified by the Indenting Officer failing which the Indenting Officer may make good the deficiency and get the expenditure recovered from the contractor. The amount shall be recoverable from the contractor as a public demand under the Orissa Public Demand Recovery Act, 1963. The Director may also cause an inspection of the store(s) and the manufacturing process and may have the stores tested in any of the laboratories under the Directorate or in any authorised laboratory in or outside the State of Orissa. If any dispute arises in this regard, the decision of the Director in the matter shall be final.

9. Pre-delivery inspection of store(s) if stipulated as a condition of supply order may be done by the Inspecting Officers of the Directorate and the Indenting Officer or his authorised representative singly or jointly and if necessary, samples of the store(s) may be collected at random from the consignment and tested in any of the laboratories of the Directorate or any authorised laboratories in and outside State of Orissa.
10. The manufacturing unit of the contractor may be inspected by the Inspecting Officers of the Directorate as and when desired by the Director. The Indenting Officer shall also have the power to inspect the materials during the process of manufacture by himself or through an officer authorised by him.
11. Cases of delay in executing orders by the contractor for three occasions or more without sufficient and valid reasons shall be considered as violation of the contract.
12. The contractor shall in no event offer store (s) covered under rate contract or store(s) of identical description at rates other than stipulated in Statement ‘A’.
13. If at any time during the period of contract the cost of production of the store reduces or increases due to change in the price of raw materials or any other components of manufacture the contractor shall forthwith notify such change

to the Director who shall take immediate steps to revise the rates and such revision may have retrospective effect as the situation may call for.

AMENDMENT to Clause-13.

Amendment to Sub-Rule 13 of Rule-20 of Rules of Rate Contract 2003 Vide Resolution No.VIII-SI/15/2004-20552 /I dt.1.12.2004.

"If at any time during the period of contract, the cost of production of the store reduces or increases due to change in the price of raw materials or any other components of manufacture, the contractor shall forthwith notify such change to the Director, who shall take immediate steps to revise the rates and such revision shall not have retrospective effect."

14. The prices indicated in Statement 'A' are exclusive of excise duty, sales tax and other taxes, if any. Excise Duty and surcharge thereon shall be allowed to the contractor over and above the rate fixed on the basis of actual payment made by the contractor to the Excise authorities. Sales tax and other taxes where applicable shall be paid by the Indenting Officer over and above the specified rates.
15. Payment- The Indenting Officer shall make immediate payment of the dues payable to the Supplier against supplies made under the Rate Contract. Payment should be made within 30 days from the date of receipt of the stores failing which "Interest on Delayed Payment to Small Scale & Ancillary Industrial Undertakings Act, 1993" shall be enforced for realisation of their dues.
16. Besides maintaining the profit and loss account and balance sheet, the contractor shall also maintain a manufacturing register and purchase and sales register for verification by the Director or any other officer authorised by the Director. The Director reserves the right to conclude rate contract/ parallel rate contract or similar store(s) with other Small Scale Industries, if any.
17. The Contractor shall not sublet or assign this rate contract to third party.
18. Any change in the management of the Small Scale Industry shall be notified to the Director within one month from the date of change.

19. In the event of dispute or difference arising from this contract, reference shall be made by either of the parties to the Director and the decision of the Director shall be final and binding on the parties.
20. The Director shall have the power to cancel a contract and deregister the contractor in the event the registration with DIC/Director of Industries is revoked for any reason.
21. In the event of any breach of the agreement at any time on the part of the contractor, the contract shall be determinable summarily by the Director. The Director shall also have the power to cancel or determine the contract and deregister the contractor in the event of any improper conduct of the contractor. Such action of the Director shall not entitle the contractor to any compensation.
22. The Law Courts at Bhubaneswar only shall have the jurisdiction to decide any dispute arising out of or in respect of this contract.
23. In addition to the above the Director shall have the power to waive any condition or add any additional terms or conditions either for a particular unit or item or for a category of units or items, or in respect of any contract.

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SCHEDULE – I

GOVERNMENT OF ORISSA, INDUSTRIES DEPARTMENT

DIRECTORATE OF EXPORT PROMOTION AND MARKETING, ORISSA, BHUBANESWAR.

OFFER NO.

Schedule of offer

1. Time and date of receipt of offer in the office of the undersigned.

2. Time and date of opening of offer.

   In case the date of opening of offer is declared a holiday for Government offices, the date of opening will be the following working day.

Item Sl. No	Description of store items	Specification tion,if any	Rate for unit (in words and figures) mention discount (if offered)	Terms of delivery F.O.R factory/ destination etc.	Taxes extra should be specified	Period for which price is valid
1	2	3	4	5	6	7

Signature with seal of the Offerer

SCHEDULE – II

MATERIAL ANALYSIS REPORT

(a) Raw material required to manufacture one unit of the finished product.

(b) Utilities required to manufacture one unit of the finished product

(c) Wastage during the process of manufacture of different stages

(d) Labour required to manufacture the products at different stages of manufacturing process

(e) Packing materials required

(f) Process of manufacture in brief, and machines utilised for this purpose with their capacity

Signature with seal of the Offerer

SCHEDULE III

COST ANALYSIS REPORT

1. Name and address of the unit with Registration of the E.P.M.

2. Cost sheet for (store item for which rate contract sought) including the IS No.

3. Rated/installed capacity

Name of the item	Quantity
a)	
b)	
c)	

4. Practical capacity

a)	
b)	
c)	

5. Actual production for the last three years;
   In case the rate contract holder is producing different products the rated capacity, practical capacity and actual production of each product should be given separately.

6. Direct materials –

Serial No.	Name of the material	Unit rate as per statement enclosed vide annexure	Quantity required for one unit of finished product	Amount
(1)	(2)	(3)	(4)	(5)
a)				
b)				
c)				

d)
e)

Add for wastage, if any

Deduct sale value of the wastage

Cost of material per unit of finished product

7. Direct labour –

(Wages includes C.P.F., E.S.I. Bonus and other fringe benefits admissible under law. The method of estimate or actual to be mentioned).	(Reference to Vr. No. Wage Bill reg., P/L Account)

N.B:- Quantity required for one unit may include the wastage or wastage can be shown separately as given above.

8. Overhead expenses: As per detailed Statement enclosed in Table-A

8.A Packing expenditure

a) Primary packing

b) Packing for forwarding

9. Profit

10. Sales Price

11. Sales price claimed

12. Average sales price of the product during last 6 months

$$\text{Average price per unit} = \frac{\text{Total Sales Price}}{\text{Total Quantity sold}}$$

Definitions :

Rated capacity – The installed capacity of the factory

Practical capacity - This represents rated capacity loss, loss of capacity due to unavoidable internal interruptions such as time lost for repairs, break downs, set-ups,

unsatisfactory raw materials, delay in getting raw materials, labour shortage and absenteeism, Sunday and holidays, etc. Practical capacity does not consider the external cause, such as lack of customer's orders.

Direct materials – All the materials that form an integral part of the finished product and that can be included directly in calculating the cost of the product.

Direct labour – Labour expanded directly upon the materials comprising the finished product.

Overhead – Sum total of the –

(a) Factory expenses
(b) Office and administrative expenses
(c) Research and development expenses

TABLE – A

STATEMENT SHOWING OVERHEAD EXPENSES FOR PRODUCTION OF ..... UNITS PER MONTH/YEAR.

(A) Factory expenses	Amount	Reference to manufacturing in A/C or other estimates.
i) Consumable materials and supplies		
ii) Indirect labour supervising staff		
iii) Depreciation of machineries (as per Table 'B' enclosed)		
iv) Depreciation of building (as per Table 'B' enclosed.)		
v) Depreciation of tools and equipments		
vi) Rent, Rates and Taxes (as per Table 'B' enclosed)		
vii) Electricity charges		
viii) Power charges		
ix) Factory insurance		
x) Repair and maintenance		

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(B) Office and administrative expenses	Reference to P.L.A/C or other estimates enclosed
i) Salary of the Director	
ii) Salary of the Manager	
iii) Salary of the Office/Staff	
iv) Bonus paid to staff	
v) E.S.I. contribution	
vi) C.P.F. contribution	
vii) Bank commission	
viii) Interest	
ix) Postage, telephone and telegram's	
x) Traveling expenses	
xi) Legal expenses	
xii) Electric charges	
xiii) Water charge	

xiv) Audit fees
xv) Depreciations (as per schedule enclosed)
xvi) Research and development expenses
xvii) Printing and Stationery
xviii) Rent, Rates and Taxes
xix) Other miscellaneous expenses

Total – Overhead expenses **Total – Overhead expenses**

TABLE – B

Name and address of the firm:

Statement showing depreciation calculation
on fixed assets.

Serial No.	Number of the asset	Total value of the assets	Rate of depreciation	Amount	Reference to balance sheet other record if any
1	2	3	4	5	6

1. Plant and machinery
2. Factory building
3. Electrical Installation
4. Roads and Culverts
5. Tools and equipments
6. Laboratory equipments
7. Library equipments
8. Administrative building
9. Furniture

SCHEDULE – IV

PERFORMANCE APPRAISAL REPORT

1. Year (Last three years)

2. Whether previous a rate contract holder

3. Quantity produced

4. Quantity sold to Government, Government Undertakings and Semi-Government Organisations (mention both with details)

5. Quantity sold in the private market

6. Rate at which sold

7. Whether any rejection made for poor quality

Signature with seal of the Officer

SCHELDULE – V

GOVERNMENT OF ORISSA, INDUSTRIES DEPARTMENT
DIRECTORATE OF EXPORT PROMOTION & MARKETING:
ORISSA; BHUBANESWAR-7

Rate Contract No. **Regn. No.**

Name of Contractor

Whereas M/s. ..... (hereinafter called the contractor) a small scale industry registered with this Directorate has agreed to supply to State Government/Statutory Corporations/Statutory Boards/ State-owned Corporations/ Government Companies/ Universities/ Municipalities/ N.A.Cs/ Regional Development Authorities/ Co-Operative Agencies/ Government Agencies/ State Aided Institutions, specified stores at specified prices

NOW, THEREFORE, the Director, Export Promotion & Marketing for and on behalf of the Governor of Orissa (hereinafter called the Director does hereby award this rate contract in favour of the above named contractor for supply of the store(s) with the specifications and at the rates set forth at Statement 'A' under the conditions stipulated at Statement 'B'.

The contract will remain in force for the period from ..... to ..... unless revoked or new rate is determined earlier than the date of expiry.

Given under my hand and seal this the .....day of ..... 20..

Director
Export Promotion & Marketing.

STATEMENT – 'A'

Serial No.	Description of goods or materials	Rate or price	F.O.R.	Terms of Delivery
1	2	3	4	5

Director
Export Promotion & Marketing.

SCHEDULE – VI

FORM OF APPLICATION FOR PARALLEL RATE CONTRACT

1. Name and address of the firm

2. Name of Proprietor/Partner/Managing Director

3. DIC PMT Regn. No.

4. EP&M Regn. No.

5. Name of the item for which parallel rate contract requested

6. If you were R/C holder earlier, then indicate

Year	**Period of validity**	**Circular No.**

7. Has any show cause notice been issued against you during last 6 months? If so, the details

8. Reasons for not participating in the offer

9. Performance Report
    a. Production during last year
    b. Sales during last year
    c. Stock in hand
    d. Year market selling rate

10. List of documents attached

Signature & Seal of the Proprietor/ Managing Director/Partner

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MINUTES OF DISCUSSIONS WITH REPRESENTATIVES OF UTKAL PHARMACEUTICAL MANUFACTURER'S ASSOCIATION ON 10TH MAY, 2004.

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The list of participants is enclosed.

The representatives of UPMA submitted their grievances with regards to issues like Liquidated Damages, System of Testing of Drugs procured, Procurement Policy, EMP Rate contract procedures, Payments etc. Director, Health Services, Orissa placed the position in SDMU. Joint Director, EPM submitted the practices adopted in EPM. Principal Secretary, Industries intervened in the dialogues and the following issues emerged for decision:

1. Efforts will be made to place orders with local Industries at quarterly intervals and not once annually.

2. For rate contract items, the provisions in rate contract rules for liquidated damages will be followed.

3. For tendered items the maximum percentage of liquidated damages will be levied for SSI Pharma as prescribed in Rate Contract Rules and no damage to be charged for the gap period when order is cancelled and then revoked.

4. If orders are placed quarterly there will not be any apprehension of liquidated damage for local Pharmaceutical Industries.

5. For the last two years deductions SDMU shall communicate the Industries the quantum of liquidated damages charged and deducted from the bills.

6. The Association / individual local SSI units shall consolidate the quantum of deductions of last two years and will represent to Government in Health

Department for considering refund of such deductions for sustenance of industries under intimation to Government in Industries Department.

7. For relief and emergency procurements, SDMU will place orders with SSI units and there will be no liquidated damages.

8. SDMU will revise its system of placement of orders and procure drugs on quarterly basis. The drugs supplied by SSI units shall be used only after receipt of test reports. This will help to avoid use of substandard drugs. Wherever, a drug will be found NSQ the entire stocks will be refunded to the manufacturers.

9. DHS opined that in course of last few years the number of NSQ reports of local industries has been reduced from 12% to 2.5%.

10. It was, therefore, decided that wherever the quality of a product will be challenged by the Local SSI Manufacturers the said sample shall be sent to a statutory laboratory for analysis and the finding of that laboratory will be final.

11. It was decided that SDMU would have interim meetings with all concerned departments and manufacturers to review the procurement policy and prepare a suitable guideline to ensure smooth centralized procurement and bring in further transparency in the purchase system.

12. DEPM shall immediately extend the rate contract of drugs which expires on 17th May, 2004 for another period of six months.

13. DEPM to immediately call for offer for drugs from the units and finalise the rate immediately.

14. DEPM shall give retrospective effect to the rate as per provisions in EPM Rules with effect from 1st April, 2004 since the present RC rate is unworkable and the Rate Contract Units should continue supply at old rate pending revision.

15. It was decided to reform the current price fixation procedures adopted in EPM and make it a cost plus norms and workable rate to be fixed.

16. Cost of all the packing specifications modified by SDMU from time to time will be taken into consideration in the costing.

17. DEPM was requested to conclude Rate Contract for items as per list submitted by UPMA for reserving them for procurement by SDMU.

18. Rate contract items shall not be tendered and the Directorate of EPM and DHS to ensure the same.

19. Rate contract for Phenyl shall be suitably revised taking the actual cost of production and quality.

20. Principal Secretary was of the view that there cannot be any compromise with quality and urged UPMA members to make all endeavor to maintain proper quality. He also assured that all steps would be taken by Government to extend purchase preference to local Industries as per provisions of IPR.

The meeting ended with vote of thanks to the Chair.

(Ajit Kumar Tripathy)
Principal Secretary to Government
Industries Department