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GOVERNMENT OF KERALA

Abstract

STORES PURCHASE DEPARTMENT—AMENDMENT OF STORES PURCHASE MANUAL
(SPM)—INCORPORATING A NUMBER OF CORRECTIONS/DELETIONS
IN THE SPM—ORDERS ISSUED

STORES PURCHASE (A) DEPARTMENT

G. O. (P) No. 11/2019/SPD.

Dated, Thiruvananthapuram, 26th August, 2019.

- Read:—1. G. O. (P) No. 3/2013/SPD dated 21-6-2013.
2. G. O. (P) No. 2/2019/SPD dated 24-1-2019.
3. G. O. (P) No. 6/2019/SPD dated 10-4-2019.

ORDER

The Stores Purchase Manual had been revised as per the Government Order read 1st above and the same has been published in the official website www.spd.kerala.gov.in.

2. As per the Government Order read 2nd paper above, Government decided to stop the practice of registering Micro, Small and Medium Enterprise (MSME) suppliers as registered suppliers in Stores Purchase Department. Henceforth, Government Departments and organisations while undertaking purchase of goods and services should provide exemption from tender fee and EMD to MSME to having Udyog Aadhaar Registration. As per the Government Order read 3rd paper above, Government decided to stop the system of rate contracts for the supply of Stores at specified rates as Government have approved GeM as a mode of procurement for the purchase of commonly used goods and services in the State.

3. On the basis of the above said decisions, Government are pleased to incorporate the following amendments/corrections/deletions in the revised Revised Stores Purchase Manual as follows:

<i>Sl. No.</i>	<i>Para No.</i>	<i>Existing provision in the Revised Stores Purchase Manual</i>	<i>Amendment</i>
(1)	(2)	(3)	(4)
1	Point (f) in the Note of Para 8.9 of SPM	“(f) The price procurement policy shall be made applicable to Micro and Small Enterprises working within the State and registered with the Stores Purchase Department/District Industries Centres/Khadi and Village Industries Commission/Khadi and Village Industries Board/Coir Board/National Small Industries Corporation/Directorate of Handicrafts and Handloom or any other body specified by the Ministry of Micro, Small and Medium Enterprises”.	“(f) The price procurement policy shall be made applicable to Micro and Small Enterprises working within the State and registered with the District Industries Centres/Khadi and Village Industries Commission/Khadi and Village Industries Board/ Coir Board/ National Small Industries Corporation/ Directorate of Handicrafts and Handloom or Udyog aadhar registration or any other body specified by the Ministry of Micro, Small and Medium Enterprises”.

(1)	(2)	(3)	(4)
2 Para 13.1	<p>Rate or Running Contract</p> <p>All Stores of standard types other than those required in small quantities only, which are in common and regular demand and the prices of which are not subject to appreciable market fluctuations may be purchased on the basis of a Rate or Running Contract, whichever is most suited to the circumstances of each particular case.</p>	<p>Running Contract</p> <p>All Stores of standard types other than those required in small quantities only, which are in common and regular demand and the prices of which are not subject to appreciable market fluctuations may be purchased on the basis of a Running Contract.</p>	
3 Para 13.4	<p>A Rate Contract is a contract for the supply of stores at specified rates during the period covered by the contract. No quantities are usually mentioned in the contract, and the contractor is bound to accept any order which may be placed upon him at the rates specified within the contract period. As a reciprocal consideration, the Government undertakes to order from the contractor all stores under the contract which are required to be purchased, subject to certain reservations for submitting prices to competition and for dividing the contract between one or more contractors.</p>	Deleted	

(1)	(2)	(3)	(4)
4	Para 13.5	Rate contracts should be settled for such articles as are required frequently by many Departments during the course of a year for which the quantity cannot be forecast. Rate contracts also may be settled for one year or shorter definite period. Indenting Officers can draw their requirement direct from the contractors as and when required. Steel furniture, steel cupboards and safes, Motor Truck batteries and Tubular batteries of UPS, Tyres of Motor Vehicles, etc., are some of the items coming under this group. No exemption from earnest money deposit or performance security will be granted in respect of rate contract, irrespective of the amount involved.	Deleted
5	Para 13.6	Running contracts may be settled by Heads of Departments and Departmental Purchase Committees, but rate contracts will be settled by the Stores Purchase Department only.	Running contracts may be settled by Heads of Departments and Departmental Purchase Committees.
6	Para 13.7	The Directorate General of Supplies & Disposals (DGS&D), New Delhi is concluding every year rate and/or running contract for a number of articles. Purchasing Officers can avail themselves of these contracts, wherever it is economical and easier to do so. They should keep themselves conversant with the rules and procedure of the D.G.S. & D Rate Contracts. The Stores Purchase Department is also concluding every year	Deleted

(1)	(2)	(3)	(4)
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rate contract for a number of articles. In respect of purchase as per rate contracts settled by the Director General Supplies and Disposals and the State Government, purchase sanction from Government is not necessary but the purchase may be limited within the purchase power of the Purchasing Officer provided that it is specified while issuing administrative sanction that the purchase will be made as per D.G.S. & D./State Rate Contracts. In such cases, the selection of the type and make of the articles to be purchased will be made by the Purchasing Officers. It is not necessary to mention the name of the firm or description of stores, etc., in the administrative sanction issued for the purchase.

7	Para 13.8	In respect of the rate contracts concluded by Directorate General of Supplies & Disposals, the Departments of the State Government are entitled to operate as Direct Demanding Officers. If any of the State Government Departments are interested in availing these facilities they may address the Directorate General of Supplies & Disposals intimating the names of officers along with designations and addresses for declaring them as Direct Demanding Officers and also indicate the items of rate contract in which they are interested.	Deleted
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(1)	(2)	(3)	(4)
		<p>The names and full address of the Accounts Officers with whom the accounting has to be done by the Controller of Accounts should also be indicated. The State Government undertakings can also make their purchases, through the Directorate General of Supplies & Disposals either as predeposit parties or as revolving deposit parties. Otherwise they have to place their indents on Directorate General of Supplies & Disposals along with Demand Drafts in favour of the Controller of Accounts concerned towards the estimated cost of stores + 1 percent departmental charges.</p>	
8	<p>Para 13.9</p>	<p>In the case of items for which rate/running contracts settled by the Stores Purchase Department exist or a running contract settled by the Head of a Department exists, it is obligatory for Government Departments to avail themselves of those contracts. The agreement form to be used in the case of running rate contract is given in Annexure 32.</p>	<p>In the case of items for a running contract settled by the Head of a Department exists, it is obligatory for the concerned Departments to avail the contracts. The agreement form to be used in the case of running contract is given in Annexure 32.</p>

(1)	(2)	(3)	(4)
9	Para 13.10	Bringing more and more common user items on the Rate Contract	Deleted
		<p>The Stores Purchase Department shall bring more and more common user items on rate contracts. For this purpose, regular interactions should be held by Stores Purchase Department with the trade and the user departments. There shall be a Standing Review Committee (SRC), coordinated by the Stores Purchase Department consisting of representatives of major indenting departments, trade organizations, prospective suppliers, etc., to consider bringing new items on rate contracts.</p>	
10	Para 13.11	Conclusion of Rate Contracts for Automobiles, sophisticated Equipment, Machinery, etc., on the basis of discounts on Net Dealer Price	Deleted
		<p>The Departments will conclude rate contracts for Automobiles, Machine Tools, Information Technology Products, OEM & Ancillary Spares and similar products where the design feature, performance parameters, etc., of such products/goods differ significantly among the products of different manufacturers and even between different models of the same manufacturer and where equitable comparison of prices of such products is not feasible. Such Rate Contracts are to be concluded on discount on Net Dealer Price (NDP) basis.</p>	

(1)	(2)	(3)	(4)
11	Para 13.12	Period of Rate Contract The period of a Rate Contract should normally be one year for stable technology products. However, in special cases, shorter or longer period may be considered. As far as possible, termination period of rate contracts should be fixed in such a way as to ensure that budgetary levies would not affect the price and thereby frustrate the contracts. Attempts should also be made to suitably stagger the period of rate contracts through out the year.	Deleted
12	Para 13.13	Criteria for Award of Rate of Contract Rate Contracts shall be awarded to the firms who are registered for the goods in question and fulfill the laid down, eligibility and qualification criteria including availability of ISI mark, service centres across the country, etc. Suitable stipulations are to be incorporated in the tender enquiry documents to this effect. In respect of new items being brought on rate contract for the first time where there is no registered supplier (for the subject items), the requirement of registration can be relaxed with the approval of competent authority. The award of such rate contracts will, however, be subject to the suppliers' satisfactory technical and financial capability.	Deleted

(1)	(2)	(3)	(4)
13	Para 13.14	Some of the tenderers (who are otherwise registered for the subject goods) may also be holding current rate contracts and/or held past rate contracts for the required goods. Their performance against such earlier/current rate contracts shall be critically reviewed before they are considered for award of new rate contracts. Specific performance and achievement criteria as on a selected cut off date is to be evolved for this purpose and incorporated in the tender enquiry document. The tenderers will be asked to furnish the relevant details (along with their tenders) to enable the purchaser to judge their performance and achievement against the past/current rate contracts. These criteria are to be evolved and decided by the purchase department during procurement planning stage for incorporation in the corresponding tender enquiry documents.	Deleted
14	Para 13.15	<p>Special Conditions applicable for Rate Contract</p> <p>Some conditions of rate contract differ from the usual conditions applicable for ad hoc contracts. Some such important special conditions of rate contract are given below:</p> <p>(i) In the Schedule of Requirement, no quantity is mentioned; only the anticipated drawal may be mentioned without any commitment.</p>	Deleted

(1)	(2)	(3)	(4)
		<p>(ii) The Store Purchase Department reserves the right to conclude more than one rate contract for the same item.</p>	
		<p>(iii) The Store Purchase Department as well as the supplier may withdraw the rate contract by serving suitable notice to each other. The prescribed notice period is generally thirty days.</p>	
		<p>(iv) The Store Purchase Department has the option to renegotiate the price with the rate contract holders.</p>	
		<p>(v) In case of emergency, the Purchasing department may purchase the same item through ad hoc contract with a new supplier.</p>	
		<p>(vi) Usually, the terms of delivery in rate contracts are FOR despatching station. This is so, because the rate contracts concluded by Stores Purchase Department are to take care of the users spread all over the state.</p>	
		<p>(vii) Supply orders, incorporating definite quantity of goods to be supplied along with all other required conditions following the rate contract terms, are to be issued for obtaining supplies through the rate contract.</p>	
		<p>(viii) The purchaser and the authorized users of the rate contract are entitled to place supply orders upto the last day of the validity of the rate contract and, though supplies against such supply orders will be effected beyond the validity period of the rate contract, all such supplies will be guided by the terms & conditions of the rate contract.</p>	
		<p>(ix) The rate contract will be guided by "Fall Clause" (as described in para 13.16).</p>	

(1)	(2)	(3)	(4)
15	Para 13.16	Fall Clause	Deleted
		<p>Fall clause is a price safety mechanism in rate contracts. The fall clause provides that if the rate contract holder reduces its price or sells or even offers to sell the rate contracted goods following conditions of sale similar to those of the rate contract, at a price lower than the rate contract price, to any person or organization during the currency of the rate contract, the rate contract price will be automatically reduced with effect from that date for all the subsequent supplies under the rate contract and the rate contract amended accordingly. Other parallel rate contract holders, if any, are also to be given opportunity to reduce their price as well, by notifying the reduced price to them and giving them 15 (fifteen) days time to intimate their revised prices, if they so desire, in sealed cover to be opened in public on the specified date and time and further action taken as per standard practice. On many occasions, the parallel rate contract holders attempt to grab more orders by unethical means by announcing reduction of their price (after getting the rate contract) under the guise of Fall Clause. This situation is also to be dealt with in similar manner as mentioned in the preceding paragraph.</p>	

(1)	(2)	(3)	(4)
16	Para 13.17	It is however, very much necessary that the purchase departments keep special watch on the performance of such rate contract holders who reduce their prices on one pretext or other. If their performances are not upto the mark, appropriately severe action should be taken against them including deregistering them, suspending business deals with them, etc.	Deleted
17	Para 13.18	Performance Security for Rate Contract	Deleted
		Depending on the anticipated overall drawal against a rate contract and, also, anticipated number of parallell rate contracts to be issued for an item, the Department shall consider obtaining performance security of reasonable amount from the rate contract holders. A suitable clause to this effect is to be incorporated in the tender enquiry documents. Performance Security shall, however, not be demanded in the supply orders issued against rate contracts.	

(1)	(2)	(3)	(4)
18	Para 13.19	Placement of Supply Orders for Rate Contract	Deleted
		<p>Supplies are to be obtained against a rate contract by placing on the rate contracted firm supply order containing the quantity of the goods to be supplied and incorporating the prices and other relevant terms and conditions of the rate contract. The officials placing such supply orders should be duly competent and authorized to do so. Copies of supply order are to be endorsed to all concerned. A supply order should generally contain the following important details:</p> <p>(i) Rate Contract No. and date.</p> <p>(ii) Quantity (where there is more than one consignee, the quantity to be despatched to each consignee is to be indicated).</p> <p>(iii) Price.</p> <p>(iv) Date of Delivery by which supplies are required.</p> <p>(In the supply order, a definite delivery date based on the delivery period stipulated in the rate contract is to be provided).</p> <p>(v) Full address of the purchase department along with telephone No., Fax No. and E-mail address.</p>	

(1)	(2)	(3)	(4)
		<p>(vi) Complete and correct designation and full postal address of the consignee(s)/goods receiving officer(s) along with telephone No., Fax No. and E-mail address</p> <p>(vii) Nearest Railway Siding (NRS) of the consignee(s).</p> <p>(viii) Despatch instructions</p> <p>(ix) Designation and address of the inspecting officer.</p> <p>(x) Designation and address of the paying authority to whom the bills are to be raised by the supplier.</p>	
19	Para 13.20	<p>Renewal of Rate Contracts</p> <p>It should be ensured that new rate contracts are made operative right after the expiry of the existing rate contracts without any gap for all rate contracted items. In case, however, it is not possible to conclude new rate contracts due to some special reasons, timely steps are to be taken to extend the existing rate contracts with same terms, conditions etc. for a suitable period, with the consent of the rate contract holders. Rate contracts of the firms, who do not agree to such extension are to be left out. Period of such extension should generally not be more than three months. Also, while extending the existing rate contracts, it shall be ensured that the price trend is not lower.</p>	Deleted

4. The SPM 2013 is amended to that extent.

By order of the Governor,

C. JYOTHIKUMAR,
Joint Secretary.

To

The All Heads of Departments/Offices/Public Sector Undertakings/
Autonomous bodies/Local Self Govt. Institutions/Universities etc.

The Secretary, Kerala Legislature, Thiruvananthapuram (with C.L).

The Registrar General, High Court, Ernakulam (with C.L).

The Advocate General, Ernakulam (with C.L).

The Registrar, Kerala Administrative Tribunal (with C.L).

The Principal Accountant General (Audit), Kerala,
Thiruvananthapuram.

The Accountant General (A& E), Kerala, Thiruvananthapuram.

Information & Public Relations Department (for publishing in the
Government Website).

All Departments in the Secretariat including Law and Finance.

The Stores Purchase (A1, A3, A4, B, IW -I & IW-II) Departments.

Secretariat Library.

The Director, C-DIT, Chittazham, Lavanya Building, Behind SMSM
Institute, Statue, Thiruvananthapuram (for hosting the Government
Order in the website of Stores Purchase Department).

The Stock File/Office Copy.
