



**GOVERNMENT OF ODISHA  
FINANCE DEPARTMENT**

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No 4939 /F.,  
Codes-27/2011

Date 13.2.12.

**OFFICE MEMORANDUM**

**Sub: Guidelines for Procurement of Goods.**

There is a need for review of the existing policy of the State Government relating to procurement of goods contained in Rule 96 of Orissa General Financial Rules (OGFR) and Appendix-6 thereof so as to make the procurement process efficient, economic, objective and transparent. Government of India in the meanwhile have revamped their procurement system on these lines which are contained in the General Financial Rules (GFR) 2005 and the "Manual on Policies and Procedure for Purchase of Goods" issued by the Department of Expenditure, Ministry of Finance and available in the website of the Ministry of Finance ([www.finmin.nic.in](http://www.finmin.nic.in)). Pending revision of Orissa General Financial Rules, the State Government have, therefore, decided to lay down the following instructions regarding procurement of goods for use in the public service.

1. These instructions are to be followed in conjunction with the provisions of "Manual on Policies and Procedure for Purchase of Goods" issued by the Department of Expenditure, Ministry of Finance and available in the website of the Ministry of Finance ([www.finmin.nic.in](http://www.finmin.nic.in)). However, procurement of goods for Externally Aided Projects funded by loan or grant from bilateral/ multilateral donor agencies like IBRD, IDA, ADB, DFID, JICA etc. would be guided by the procurement procedures envisaged in the respective loan/ credit agreement.

2. **Definition of Goods:** The term 'goods' used in this Office Memorandum includes all articles, materials, commodities, livestock, furniture, fixtures, raw materials, spare parts, instruments, machinery, equipment, industrial plant etc. purchased or otherwise acquired for the use of Government but excludes books, publications, periodicals, etc. for a library.

3. **Fundamental principles of public buying:** Every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy, transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement.

The procedure to be followed in making public procurement must conform to the following yardsticks:-

- (i) the specifications in terms of quality, type etc, as also quantity of goods to be procured, should be clearly spelt out keeping in view the specific needs of the procuring organisations. The specifications so worked out should meet the basic needs of the organisation without including superfluous and non-essential features, which may result in unwarranted expenditure. Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs;
- (ii) offers should be invited following a fair, transparent and reasonable procedure;
- (iii) the procuring authority should be satisfied that the selected offer adequately meets the requirement in all respects;
- (iv) the procuring authority should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required;
- (v) at each stage of procurement the concerned procuring authority must place on record, in precise terms, the considerations which weighed with it while taking the procurement decision.
- (vi) Purchases must be made in accordance with the definite requirements of the public service. Periodical indents should be prepared and the goods/ articles as needed as per the Procurement Plan obtained by means of such indents. Simultaneously, care should be taken not to make unnecessary purchase of goods much in advance of actual requirements, if such purchase is likely to be unprofitable to Government, coupled with unwarranted inventory carrying cost. Where sales, consumption or usage limits of goods have been laid down by competent authority, the officer ordering a supply should also certify on the purchase order that the prescribed scales or limits are not exceeded.

**4. Authorities Competent to Purchase Goods:** The following authorities competent to sanction contingent expenditure and execute contracts and sanction purchases may undertake procurement of goods within the financial limits prescribed below and in accordance with the instructions contained hereinafter.

	Authority	Power to execute contracts and sanction purchases	Power to sanction contingent expenditure
1.	Administrative Departments	Full Power	Full Power
2.	Heads of Department	Rs. 500.00 lakh in each case	Rs. 10.00 lakh in each case (Recurring)
			Rs. 50.00 lakh in each case (Non-Recurring)
3.	Collectors	-	Rs. 5.00 lakh in each case (Recurring)
			Rs. 25.00 lakh in each case (Non-Recurring)
4.	Heads of Sub-ordinate Offices	-	Rs. 1.00 lakh in each case (Recurring)
			Rs. 2.00 lakh in each case (Non-Recurring)

**5. Procurement through rate contract system:** In respect of goods for which rate contract has been entered into by the Director of Export Promotion and Marketing, purchases of such goods; by all Departments of Government, Quasi-Government agency and State owned corporations should be only from sources with whom such rate contracts have been entered into, by placing order in accordance with the procedure outlined for the purpose by Industries Department.

**6. Registration of Suppliers with Departments requiring Bulk supply of goods:** Administrative Departments requiring bulk supply of goods may prepare and maintain item wise list of eligible and capable suppliers. Such approved suppliers will be known as 'Registered Supplier'.

- (i) Other Administrative Departments/Heads of Departments/Agencies may utilise these lists as and when necessary. Such registered suppliers are also prima facie eligible for consideration for procurement of goods through Limited Tender Enquiry. Further, they are ordinarily exempted from furnishing bid security along with their bids. If necessary, a Head of Department, with the approval of Government, may also prepare and maintain list(s) of registered suppliers of goods which are specifically required by that Head of Department.
- (ii) Credentials, manufacturing capability, quality control systems, past performance, after-sales service facilities, financial background etc. of the supplier (s) should be carefully verified before registration.
- (iii) The supplier (s) will be registered for a fixed period (between 1 to 3 years) depending on the nature of the goods. At the end of this period, the registered supplier (s) willing to continue with registration are to apply afresh for renewal of registration. New supplier (s) may also be considered for registration at any time, provided they fulfil all the required conditions.
- (iv) Performance and conduct of every registered supplier is to be watched by the concerned Department. The registered supplier(s) are liable to be removed from the list of approved suppliers, if they fail to abide by the terms and conditions of the registration or fail to supply the goods on time or supply substandard goods or make any false declaration to any Government agency or for any ground which, in the opinion of the Government, is not in public interest.
- (v) Directorate General of Supplies & Disposal, Ministry of Commerce, Government of India, New Delhi also prepares and maintain item-wise lists of registered suppliers for various types of common user items. Relevant details in this regard are available in DGS&D's website (<http://dgsnd.gov.in>). If necessary, a Department may also utilize such lists (as prepared by DGS&D).

**7. Purchase of goods without quotation:**

- (i) Purchase of goods up to the value of Rs. 15,000/- (Rupees fifteen thousand only) on each occasion may be made without inviting quotations or bids on the basis of a certificate to be recorded by the competent authority in the following format.

"I,....., am personally satisfied that these goods purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price."

- (ii) The Central Purchase Organisation and State Purchase Organisation, viz. DGS&D and Directorate of Export Promotion & Marketing of the State conclude rate contracts with the registered suppliers, for goods and items of standard types, which are identified as common user items and are needed on recurring basis by various Departments and Offices of the Central and State Government respectively. Procurement of goods from DGS&D and EPM rate contract holder shall be made without calling for tender.
- (iii) In case a competent authority desires to procure directly the DGS&D rate contracted goods from suppliers, the prices to be paid for such goods shall not exceed those stipulated in the rate contract and the other salient terms and conditions of the purchase should be in line with those specified in the rate contract. The competent authority shall make its own arrangement for inspection and testing of such goods, where required.

**8. Procurement of goods through Local Purchase Committee:** Purchase of goods costing above Rs. 15,000/- (Rupees fifteen thousand only) and up to Rs.1,00,000/- (Rupees one lakh only) on each occasion may be made on the recommendations of a duly constituted Local Purchase Committee consisting of three members of appropriate levels as decided by the Authorities Competent to Purchase Goods. The committee will survey the market to ascertain the reasonableness of rate, quality and specifications and identify the appropriate supplier for the required goods. Before recommending placement of the purchase order, the members of the committee will jointly record a certificate as under.

"Certified that we ....., members of the Local Purchase Committee are jointly and individually satisfied that the goods recommended for purchase are of the requisite specification and quality, priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the goods in question."

**9. Purchase from exclusive list :** List of goods and services reserved for exclusive purchase from Micro & Small Enterprises (MSEs) located within the State of Odisha will be prepared from time-to-time and notified by the Directorate of Export Promotion & Marketing in terms of relevant provisions of Odisha MSME Development Policy. The Government Departments and Agencies under their control will have to procure their requirement of these items exclusively from such registered local MSEs with ISO/ ISI/ EPM certification for the items, by inviting quotations through Limited Tender Enquiry in terms of the relevant provisions of Odisha MSME Development Policy, 2009.

**10. Splitting up of demand:** A demand for goods should not be unnecessarily divided into small quantities to make piecemeal purchases to avoid the necessity of obtaining the sanction of higher authority required with reference to the estimated value of the total demand.

**11. Purchase of goods by obtaining bids:** Except in cases covered under paragraphs 5, 7, & 8 of this Office Memorandum, Departments shall procure goods under the powers referred to in paragraph 4 above by following the standard method of obtaining bids through:

- (i) Advertised Tender Enquiry (ATE),
- (ii) Limited Tender Enquiry (LTE), and
- (iii) Single Tender Enquiry (STE).

**12. Advertised Tender Enquiry:**

- (i) Subject to exceptions incorporated under Paragraph 13 (for Limited Tender Enquiry) and 17 (for Single Tender Enquiry) invitation to tenders by advertisement should be used for procurement of goods of estimated value Rs. 5 lakh (Rupees five lakh) and above. A brief advertisement for such purchase should be given in at least in one local and one National newspaper having wide circulation asking for the offers by specified date and time etc and details made available in the website of the competent authority.
- (ii) If the Department has its own website it should also publish all its advertised tender enquiries on the website. It should also give its website address in the advertisements in the newspaper.
- (iii) Hardcopies of the bidding documents should be prepared for sale as per normal practice. In addition, if feasible, the Department should also post the complete bidding document in its website and permit prospective bidders to make use of the document downloaded from the website. If such a downloaded bidding document is priced, there should be clear instructions for the bidder to pay the amount by demand draft etc. along with the bid.
- (iv) Where the Department feels that the goods of the required quality, specifications etc, may not be available in the country and it is also necessary to look for suitable competitive offers from abroad, the Department may send copies of the tender notice to the Indian embassies abroad as well as to the foreign embassies in India through an appropriate forwarding letter. The selection of the embassies will depend on the possibility of availability of the required goods in such countries.
- (v) Sufficient time should be allowed for obtaining the bids. Ordinarily, the minimum time to be allowed for submission of bids should be three weeks from the date of publication of the tender notice or availability of the bidding document for sale, whichever is later. Where the department also contemplates obtaining bids from abroad, the minimum period should be kept as four weeks for both domestic and foreign bidders.

**13. Limited Tender Enquiry:**

- (i) This method may be adopted when estimated value of the goods to be procured is less than Rs. 5 lakh (Rupees five lakh). Copies of the bidding document should be sent directly by speed post/ registered post/ courier/ e-mail to the registered/

approved firms selected for this purpose from the list prepared in terms of the provisions of paragraph 6 and 9 above. The number of supplier firms to be approached for such Limited Tender Enquiry should be more than three. Wherever necessary, efforts should be made to identify a higher number of approved suppliers to obtain more responsive bids on competitive basis.

- (ii) Sufficient time should be allowed for submission of bids in Limited Tender Enquiry cases.
- (iii) Purchase through Limited Tender Enquiry may be adopted even where the estimated value of the procurement is Rs. 5 lakh (Rupees five lakh) and above, in the following circumstances.
  - (a) The competent authority in the Department/ agency certifies that the demand is urgent and any additional expenditure involved by not procuring through advertised tender enquiry is justified in view of urgency. The Department/ agency should also put on record the nature of the urgency and reasons why the procurement could not be anticipated.
  - (b) There are sufficient reasons, to be recorded in writing by the competent authority, indicating that it will not be in public interest to procure the goods through advertised tender enquiry.
  - (c) The sources of supply are definitely known and possibility of fresh source(s) beyond those being tapped, is remote.
- (iv) Wherever felt necessary (for example – number of approved suppliers is not sufficient and all the established sources of supply are not definitely known), Advertised Tender Enquiry may be issued, even if the estimated value of procurement is less than Rs. 5 lakh (Rupees five lakh) only.

**14. Two bid system:** For purchasing high value plant, machinery etc. of a complex and technical nature, bids may be obtained in two parts as under:

- (i) Technical bid consisting of all technical details along with commercial terms and conditions; and
- (ii) Financial bid indicating item-wise price for the items mentioned in the technical bid.

The technical bid and the financial bid should be sealed by the bidder in separate covers duly superscribed and both these sealed covers are to be put in a bigger cover which should also be sealed and duly superscribed. The technical bids are to be opened by the purchasing competent authority at the first instance and evaluated by a competent committee or authority. At the second stage financial bids of only the technically acceptable offers should be opened for further evaluation and ranking before awarding the contract.

**15. Late Bids:** In the case of advertised tender enquiry or limited tender enquiry, late bids (i.e., bids received after the specified date and time for receipt of bids) should not be considered.



**16. Number of Responsive Bids/ Lack of Competition:** Sometimes, against advertised/ limited tender cases, the Department may not receive sufficient number of bids and/ or after analysing the bids, ends up with one responsive bid.

In such situations, the Department is first to check whether, while floating/issuing the enquiry, all necessary requirements and formalities like standard conditions, industry friendly specification, wide publicity, sufficient time for bidding, etc. were fulfilled.

If not, fresh enquiry is to be issued after rectifying the deficiencies. However, if after scrutiny it is found that all such aspects were fully taken care of and in spite of that the purchaser ends up with only one responsive bid, contract may be placed on that bidder provided the quoted price is reasonable.

Approval of Government or next higher authority may be obtained for acceptance of the single responsive bid.

**17. Single Tender Enquiry:** Procurement from a single source may be resorted to in the following circumstances:

- (i) It is in the knowledge of the user department that only a particular firm is the manufacturer of the required goods.
- (ii) In a case of emergency, the required goods are necessarily to be purchased from a particular source and the reason for such decision is to be recorded and approval of Government or next higher authority obtained.
- (iii) For standardisation of machinery or spare parts to be compatible to the existing sets of equipment (on the advice of a competent technical expert and approved by the Government or next higher authority), the required item is to be purchased only from a selected firm.

**Note:** Proprietary Article Certificate in line with the following form is to be provided by the competent authority before procuring the goods from a single source.

- (i) The indented goods are manufactured by M/s.....
- (ii) No other make or model is acceptable for the following reasons.....
- (iii) Concurrence of Finance Wing to the proposal is available vide.....
- (iv) Approval of the competent authority is available vide.....

(Signature with date and designation of the procuring officer)

**18. Quotation received from Dealers/ Agents for items not manufactured by them:** When a firm send quotation for an item manufactured by some different company, the firm is also required to attach in its quotation that manufacturer's

authorisation certificate and also manufacturer's confirmation of extending the required warranty for that product (in addition to the tenderers' confirmation to required warranty). If the firm is an authorized agent/ dealer of that manufacturer, certified documentary evidence to this effect is to be attached along with the quotation. This is necessary to ensure quotation from a responsible party offering genuine product, also backed by warranty obligation from the concerned manufacturer.

**19. Contents of Bidding Document:** All the terms, conditions, stipulations and information to be incorporated in the bidding document are to be shown in the appropriate chapters. The structure of a sample format for this purpose is indicated below:

**Chapter – 1:** Instructions to Bidders.

**Chapter – 2:** Conditions of Contract.

**Chapter – 3:** Schedule of Requirements.

**Chapter – 4:** Specifications and allied Technical Details.

**Chapter – 5:** Price Schedule (*to be utilised by the bidders for quoting their prices*).

**Chapter – 6:** Contract Form.

Other standard forms, if any, as decided by the Department may be used with the approval of the competent authority.

**20. Maintenance Contract:** Depending on the cost and nature of the goods to be purchased, it may be necessary to enter into maintenance contract(s) of suitable period either with the supplier of the goods or with any other competent firm, not necessarily the supplier of the subject goods.

It must be kept in mind that the ordered goods/ items are maintained free of charge by the supplier during its warranty period or such other extended periods as the contract terms may provide and the paid maintenance should commence only thereafter.

**21. Bid Security:** To safeguard against a bidder's withdrawing or altering its bid during the bid validity period in the case of advertised or limited tender enquiry, bid security (also known as earnest money) is to be obtained from the bidders except those who are exempted from paying bid security. Amount of bid security should generally be between two percent to five percent of the estimated value of the goods to be procured. The exact amount of bid security, as determined by the Department is to be indicated in the bidding documents. The bid security may be obtained in the form of account payee demand draft, fixed deposit receipt, banker's cheque, bank guarantee from any of the commercial banks in an acceptable form etc, safeguarding the purchaser's interest in all respects. The bid security is normally to remain valid for a period of forty-five days beyond the final bid validity period. The Model Bank Guarantee Format for furnishing EMD is at Annexure-I.

- (i) Bid securities of the unsuccessful bidders should be returned to them at the earliest after expiry of the final bid validity period and latest by the 30th day after the award of the contract.



- (ii) The local MSEs registered with respective DICs, Khadi, Village, Cottage & Handicraft Industries, OSIC and NSIC shall pay 25% of the prescribed security deposit while participating in tenders of Govt. Departments and Agencies under its control.

**22. Performance Security:**

- (i) To ensure due performance of the contract, performance security is to be obtained from the successful bidder awarded the contract. Performance security should be for an amount of five to ten per cent of the value of the contract. Performance security may be furnished in the form of an account payee demand draft, fixed deposit receipt from a commercial bank, bank guarantee from a commercial bank in an acceptable form etc safeguarding the purchaser's interest in all respects. The Model Bank Guarantee Format for Performance Security is at Annexure-II.
- (ii) Performance security should remain valid for a period of sixty days beyond the date of completion of all contractual obligations of the supplier including warranty obligations. In case of a contract of competitively small value and/ or for simpler stores, Department may decide to scale down the performance security by a suitable amount during the warranty period. If the department decides in this line, then suitable stipulation to this effect is to be incorporated in the bidding document itself.
- (iii) Bid security should be refunded to the successful bidder on receipt of performance security.

**23. (1) Advance payment to supplier:** Ordinarily, payments for services rendered or supplies made should be released only after the services have been rendered or supplies made. However, it may become necessary to make advance payments in the following types of cases:

- (i) Advance payment demanded by firms holding maintenance contracts for servicing of Air-conditioners, computers, other costly equipment, etc.
- (ii) Advance payment demanded by firms against fabrication contracts, turn-key contracts etc.
- (iii) 100% advance payment for procurement of arms and ammunitions from Ordnance Factories.
- (iv) Other security related procurement made by Home Department.

Such advance payments should not exceed the following limits except in case of procurement of arms and ammunitions from Ordnance Factories:

- (i) Thirty per cent of the contract value to private firms;
- (ii) Forty per cent of the contract value to a State or Central Government agency or a Public Sector Undertaking; or
- (iii) In case of maintenance contract, the amount should not exceed the amount payable for six months under the contract.

In exceptional cases, Administrative Departments may relax the ceilings mentioned above with prior concurrence of the Finance Department. While making any advance payment as above, adequate safeguards in the form of bank guarantee etc. should be obtained from the firm. However, bank guarantee need not be insisted upon in case of procurement of arms and ammunitions from Ordnance Factories. The Model Agreement for Supply of goods and Bank Guarantee Format for Advance Payment are at Annexure-III and Annexure-IV respectively. Further, such advance payments should be generally interest bearing, suitable percentages for which are to be decided on case-to-case basis.

**(2) Part payment to suppliers:** Depending on the terms of delivery incorporated in a contract, part payment to the supplier may be released after it despatches the goods from its premises in terms of the contract.

**24. Transparency, competition, fairness and elimination of arbitrariness in the procurement process:** All government purchases should be made in a transparent, competitive and fair manner, to secure best value for money. This will also enable the prospective bidders to formulate and send their competitive bids with confidence. Some of the measures for ensuring the above are as follows:

- (i) The text of the bidding document should be self-contained and comprehensive without any ambiguity. All essential information, which a bidder needs for sending responsive bid, should be clearly spelt out in the bidding document in simple language. This will also enable the prospective bidders to formulate and send their competitive bids with confidence. The bidding document should *inter alia* include:
  - (a) the criteria for eligibility and qualification to be met by the bidders. (The eligibility criteria should take care of the supplier's eligibility to receive such Government contract. The qualification criteria should take care of supplier's past performance, experience, technical competence and production capacity of the subject goods, financial strength to handle the contract successfully etc.);
  - (b) eligibility criteria for goods indicating any legal restrictions or conditions about the origin of goods etc which may required to be met by the successful bidder;
  - (c) the procedure as well as date, time and place for sending the bids;
  - (d) date, time and place for public opening of bids;
  - (e) terms of delivery;
  - (f) special terms affecting performance, if any.
  - (g) Criteria for determining responsiveness of bids, criteria as well as factors to be taken into account for evaluating the bids on a common platform and the criteria for awarding the contract to the responsive lowest bidder should be clearly indicated in the bidding documents.
  - (h) Suitable provision for settlement of disputes, if any, emanating from the resultant contract, should be kept in the bidding document.
  - (i) Suitable provisions for enabling a bidder to question the bidding conditions, bidding process and/ or rejection of its bid.
  - (j) Suitable clause mentioning that the resultant contract will be interpreted under Indian Laws.

(ii) Some important aspects to be kept in mind while making public purchase are:

- (a) The specifications of the required goods should be clearly stated without any ambiguity so that the prospective bidders can send meaningful bids. In order to attract sufficient number of bidders, the specification should be broad based to the extent feasible. Efforts should also be made to use standard specifications which are widely known to the industry. The specification of the required goods to be purchased should be precise. The essential technical functions required to be performed by the goods are to be indicated without including superfluous and non-essential features, which may result in unwarranted expenditure. While inviting competitive bids (i.e., other than Single Tender enquiry), brand name and/ or model number should not be mentioned in the specification and in case the same is unavoidable due to some specific reason, such brand name/ model number should be qualified with "or equivalent". Standard specifications, which are widely known to the industry, should be utilized to the maximum extent possible. Mandatory/ statutory regulations, if any, applicable for the goods in question should also be indicated.
- (b) The bidders should be given reasonable time for sending their bids.
- (c) The bids should be opened in public and authorised representatives of the bidders should be permitted to attend the bid opening.
- (d) Late bids are not be considered.
- (e) Pre-bid conference: In case of turn-key contract (s) or contract (s) of special nature for procurement of sophisticated and costly equipment, a suitable provision is to be kept in the bidding documents for a pre-bid conference for clarifying issues and clearing doubts, if any, about the specifications and other allied technical details of the plant, equipment and machinery projected in the bidding document. The date, time and place of pre-bid conference should be indicated in the bidding document. This date should be sufficiently ahead of bid opening date.
- (f) Bids should be evaluated in terms of the conditions already incorporated by the Department in the bidding documents, which were issued/ sold to the bidders. No new condition, which was not incorporated in the bidding documents should be brought in for evaluation of the bids. Similarly, no condition, already incorporated in the bidding document should be ignored during the bid evaluation process. Determination of a bid's responsiveness should be based on the contents of the bid itself without recourse to extrinsic evidence.
- (g) Bidders should not be permitted to alter or modify their bids after expiry of the deadline for receipt of bids.
- (h) Negotiation with bidders after bid opening must be severely discouraged. However, in exceptional circumstances where price negotiation is necessary due to some unavoidable circumstances, the

same may be resorted to only with the lowest evaluated responsive bidder.

- (i) If a special situation arises, where the lowest evaluated responsive bidder is not in a position to supply the full quantity required, the remaining quantity, as far as possible, be ordered on the next higher responsive bidder (s) at the rate offered by the lowest evaluated responsive bidder, after obtaining specific approval from the competent authority on the specific recommendation of the respective purchase committee.
- (j) The name of the successful bidder(s) receiving the contract should be mentioned in the Department's notice board and/or its bulletin and/or its website.

**25. Efficiency, Economy and Accountability in Public Procurement System:**

Public procurement procedure is also to ensure efficiency, economy and accountability in the system. To achieve the same, the following key areas should be addressed:

- (i) The Departments should ensure placement of contract within the original validity of the bids. Extension of bid validity must be discouraged and resorted to only in exceptional circumstances.
- (ii) To ensure achieve placement of contract within the original offer validity period, the required offer validity period (which must not be too long) for processing the case should be decided in the planning stage and the same is to be incorporated in the bidding document.
- (iii) Further, to avoid delay in procurement process, appropriate time frame for each stage of procurement (from bid opening to placement of contract) should be prescribed by the Department. Such a timeframe will also make the concerned purchase officials more alert.
- (iv) The State Purchase Organisation (e.g., Directorate of Export Promotion & Marketing) should bring into the rate contract system more and more common user items which are frequently needed in bulk by various Government departments. The State Purchase Organisation should also ensure that the rate contracts remain available without any break.

**26. Buy-Back Offer:** When it is decided to replace an existing old item(s) with a new/better version, the Department may trade the existing old item while purchasing the new one by issuing suitable bidding document for this purpose. The condition of the old item, its location and the mode of its handing over to the successful bidder are also to be incorporated in the bidding document. Further, the bidder should be asked to quote the prices for the item (to be offered by them) with rebate for the old item and also, without any rebate (in case they do not want to lift the old item). This will enable the Department either to trade or not to trade the old item while purchasing the new one.

**27. E-Procurement:**

- (i) Government may from time-to-time, prescribe adoption of e-procurement for different stages of procurement and different types of procurement, and to the extent thereof, the procedure prescribed herein, shall be deemed to be modified for substituting written communication by e-communication in a manner that improves competition, efficiency and transparency without affecting the sanctity, security and recording of such communication and the information contained therein.
- (ii) Government shall create one or more websites for posting all matters which are required to be brought to the attention of the public in accordance with prescribed procurement procedure viz. tender enquiries, corrigenda thereon and details of bid awards etc. The website(s) will provide an electronic platform for e-invitation, e-bidding and e-payment for all stages and types of procurement as well as an interface with all stakeholders. It will provide all services such as registration of vendors, accessing details of procurement made, tenders awarded, tenders advertised etc. It will function as an IT-enabled exchange linking the various Government agencies in need of procurement of goods and services on the one hand and the vendors/ service providers and the e-procurement service providers on the other. Operational Guidelines would be issued in this regard as soon as the Portal is ready to function.

**28.** These instructions shall be deemed to be a part of Orissa General Financial Rules & Delegation of Financial Power Rules.

**By Order of Governor**

*[Signature]*

13/02/12

**Principal Secretary to Government**

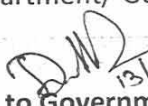
Memo No 4940 <sup>(510)</sup> /F.,Date 13.2.12

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

  
13/2/2012  
Under Secretary to Government

Memo No 4941 <sup>(100)</sup> /F.,Date 13.2.12

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

  
13/2/2012  
Under Secretary to Government

Memo No 4942 /F.,Date 13.2.12

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

  
13/2/2012  
Under Secretary to Government



Annexure-I

**Model Bank Guarantee Format for furnishing EMD**  
**[Ref. Para 21]**

Whereas .....  
 (hereinafter called the "tenderer") has submitted their offer dated..... for the supply  
 of ..... (hereinafter called the "tender") against the  
 purchaser's tender enquiry No. ....

KNOW ALL MEN by these presents that WE ..... of  
 ..... having our registered office at ..... are bound unto  
 ..... (hereinafter called the "Purchaser") in the sum of ..... for  
 which payment will and truly to be made to the said Purchaser, the Bank binds itself, its  
 successors and assigns by these presents.

Sealed with the  
 Common Seal of the said Bank this..... day of .....20.....

**THE CONDITIONS OF THIS OBLIGATION ARE:**

- (1) If the tenderer withdraws or amends, impairs or derogates from the tender in any respect within the period of validity of this tender.
- (2) If the tenderer having been notified of the acceptance of his tender by the Purchaser during the period of its validity:-
  - a) If the tenderer fails to furnish the Performance Security for the due performance of the contract.
  - b) Fails or refuses to accept/execute the contract.

WE undertake to pay the Purchaser up to the above amount upon receipt of its first written demand, without the Purchaser having to substantiate its demand, provided that in its demand the Purchaser will note that the amount claimed by it is due to it owing to the occurrence of one or both the two conditions, specifying the occurred condition or conditions.

This guarantee will remain in force upto and including 45 days after the period of tender validity and any demand in respect thereof should reach the Bank not later than the above date.

Our ..... branch at .....\* (Name & Address of the  
 .....\* branch) is liable to pay the guaranteed amount depending on the filing of  
 claim and any part thereof under this Bank Guarantee only and only if you serve upon us  
 at our .....\* branch a written claim or demand and received by us at our  
 .....\* branch on or before Dt. .... otherwise bank shall be discharged of all  
 liabilities under this guarantee thereafter.

.....  
 (Signature of the authorized officer of the Bank)

.....  
 Name and designation of the officer

.....  
 Seal, name & address of the Bank and address of the Branch

*\* Preferably at the headquarters of the authority competent to sanction the expenditure for purchase of goods or at the concerned district headquarters or the State headquarters.*

Annexure-II**Model Bank Guarantee Format for Performance Security***[Ref. Para 22(i)]*

To

**The Governor of Odisha.**

WHEREAS..... (name and address of the supplier) (hereinafter called "the supplier") has undertaken, in pursuance of contract no..... dated ..... to supply ..... (description of goods and services) (herein after called "the contract").

AND WHEREAS it has been stipulated by you in the said contract that the supplier shall furnish you with a bank guarantee by a scheduled commercial bank recognized by you for the sum specified therein as security for compliance with its obligations in accordance with the contract;

AND WHEREAS we have agreed to give the supplier such a bank guarantee;

NOW THEREFORE we hereby affirm that we are guarantors and responsible to you, on behalf of the supplier, up to a total of ..... (amount of the guarantee in words and figures), and we undertake to pay you, upon your first written demand declaring the supplier to be in default under the contract and without cavil or argument, any sum or sums within the limits of (amount of guarantee) as aforesaid, without your needing to prove or to show grounds or reasons for your demand or the sum specified therein.

We hereby waive the necessity of your demanding the said debt from the supplier before presenting us with the demand.

We further agree that no change or addition to or other modification of the terms of the contract to be performed thereunder or of any of the contract documents which may be made between you and the supplier shall in any way release us from any liability under this guarantee and we hereby waive notice of any such change, addition or modification.

This guarantee shall be valid until the ..... day of ....., 20.....

Our ..... branch at .....\* (Name & Address of the .....\* branch) is liable to pay the guaranteed amount depending on the filing of claim and any part thereof under this Bank Guarantee only and only if you serve upon us at our .....\* branch a written claim or demand and received by us at our .....\* branch on or before Dt. .... otherwise bank shall be discharged of all liabilities under this guarantee thereafter.

.....  
(Signature of the authorized officer of the Bank)

.....  
Name and designation of the officer

.....  
Seal, name & address of the Bank and address of the Branch

*\* Preferably at the headquarters of the authority competent to sanction the expenditure for purchase of goods or at the concerned district headquarters or the State headquarters.*

**Annexure-III****Model Agreement for Supply of Goods**  
*[Ref. Para 23(1)]*

THIS AGREEMENT made this ..... day of ..... 20..... BETWEEN M/s..... & Co Ltd having registered office at in the State of ..... (hereinafter called the 'Supplier' which expression shall, unless excluded in the subject or context, include the heirs, successors, legal representatives, and permitted assigns) of the one Part.

AND

the Governor of Odisha (hereinafter called the 'the Governor' which expression shall, unless excluded in the subject or context, include the heirs, successors, legal representatives, and permitted assigns) of the other Part.

WHEREAS the Governor wants to purchase the goods mentioned in the schedule.

NOW THESE PRESENT WITNESS AND IT IS HEREBY AGREED AS FOLLOWS:

1. That the time shall be the essence of the contract and the supplier shall supply the goods in the schedule completely so as to make delivery..... (place) on or before the date ..... failure to do which will entitle the Governor to rescind the contract immediately.
2. That the goods shall be of the specifications and price mentioned against each. Any variation on inspection will entitle the Governor to refuse the consignments either in whole or in part, as the case may be, the whole, if the part renders it useless.
3. That the goods shall be inspected at ..... (place) in the presence of the officers of both parties duly authorized in that behalf on a day fixed in a notice by either of the parties, provided such day is not postponed for more than a period of two months after the date given in the notice. Default by the Supplier shall disentitle him to raise any objection subsequently to the result of inspection made by the Governor in his absence and claim any compensation on that account.
4. That the Supplier shall guarantee durability of the goods for a period of ..... from the date of completion of supplies and installation in the case of machineries and any damage, done to the goods in the usual course of use or any deficiency, detected in them subsequent to such completion and installation and during the period aforesaid shall be made good to render due service at the cost of the Supplier within a period of two months from the date of receipt of the notice in that behalf and no decision shall be taken by the Supplier or any person on his behalf as to the defects or deficiency without notice to the Governor failure to do so shall be deemed that the Supplier has no intention to discharge the obligation and thereupon the amount of security, deposited separately or withhold from his bill, shall stand forfeited to the Governor. The Supply of goods other than machineries shall be deemed to be complete only after final approval by the officer duly authorised on inspection whose decision shall be final and in case of machineries exactly in the same manner and installation which would include test working for 7 (seven) days.
5. The Goods shall be duly packed and insured by the Supplier for transit and be despatched at the risk of the carriers and the Governor shall not be responsible for any loss or damage during the transit or at any time prior to inspection and approval.

6. That the price of goods shall be paid in advance or on the completion of supplies and installation as the case may be in agreed instalments on bills submitted(as indicated in the Payment Schedule) provided the Governor may withhold payment of ..... per cent of the total amount payable as security for the period of guarantee if no amount equal thereto has already been deposited as such.
7. That any damage or deficiency if not removed during the stipulated period by the Supplier may be removed by the Governor at his cost to be reimbursed by the Supplier. Any amount payable to the Governor hereunder shall be recovered as public demand under the Orissa Public Demand Recovery Act, 1963 and shall bear 6% interest per annum till certificate for recovery is filed.
8. That the supplier shall deposit Rs. .... towards earnest money at the time of acceptance of tender for due performance of the covenants hereof and such money shall be forfeited to the Governor in case of breach of all or any of the covenants.
9. That any dispute arising hereunder shall be resolved in the following manner:  
.....  
.....
10. That Sri..... is duly authorised in the order No....., dated.....by the Governor and Sri..... on behalf of the company to execute the deed.
11. The cause of action hereunder shall always be deemed to arise at.....
12. That the stamp duty shall be borne by.....

#### SCHEDULE OF GOODS

Name of the Goods	Specification with number and make etc	Price agreed

#### SCHEDULE OF PAYMENT

Mode of Payment	% of Price	Condition precedent for payment	Remarks
Advance Payment			
Payment against Supply/ Installation			

IN WITNESS WHEREOF the parties hereto have signed this deed this day.....  
of..... mentioned against the signature of each in the presence of.....

Witness

**Annexure-IV****Model Bank Guarantee Format for Advance Payment***[Ref. Para 23(1)]*

THIS DEED OF GUARANTEE made on ..... day of .....20..... BETWEEN ..... Bank a Banking Company incorporated under the Banking Companies Act, 19.... And having its registered office at ..... In the State of ..... (hereinafter called the 'Guarantor') of the ONE PART AND the Governor of Odisha (hereinafter called the 'Government') of the OTHER PART.

**WITNESS AS FOLLOWS:-**

In consideration of the Governor of Odisha (hereinafter called the 'Government') having agreed to advance a sum of Rs..... (.....) to (name and address of the supplier) (hereinafter called "the supplier") against supplies of articles concerned by and under the terms and conditions upon agreement dated made between supplier and the Governor of Odisha on the production of a bank guarantee for Rs..... (.....) we hereby guarantee the payment of sums of money that may be due to the Government on account of any breach of the terms and conditions contained in the aforesaid contract on demand with interest at 15% per annum till payment.

2. We hereby further agree that we are aware of all the terms and conditions of the said contract and shall abide by the decision of the Secretary to Government of Odisha, ..... Department as to whether there has been any breach of the terms and conditions of the said contract and as to whether the supplier is liable to pay any sum as so determined.
3. Any demand made us for payment of any sum in discharge of this guarantee shall be conclusive proof of the fact that there has been a breach of said contract by the suppliers which warrants the enforcement of this guarantee and is binding on the Bank without prejudice to the claims and counter claims of the parties in the proper court of law.
4. This guarantee shall continue to be enforceable till all dues of the Government under or virtue of the said contract have been fully and paid and its claims are satisfied or discharged or till the ..... Department or the ..... Government certifies the terms and conditions of the said contract have been fully and properly carried out by the said suppliers and accordingly discharges the guarantee subject however that the Government has no right under this bond after the expiry of ..... From the date of its execution, unless the said Government choose to further extend the said period or extended period of guarantee by giving reasonable notice in writing to the bank on account of any special circumstances of which the Government shall be the sole judge.

This guarantee shall be valid until the ..... day of ....., 20.....

Our \_\_\_\_\_ branch at \_\_\_\_\_\* (Name & Address of the \_\_\_\_\_\* branch) is liable to pay the guaranteed amount depending on the filing of claim and any part thereof under this Bank Guarantee only and only if you serve upon us at our \_\_\_\_\_\* branch a written claim or demand and received by us at our \_\_\_\_\_\* branch on or before Dt. \_\_\_\_\_ otherwise bank shall be discharged of all liabilities under this guarantee thereafter.

.....  
(Signature of the authorized officer of the Bank)

.....  
Name and designation of the officer

.....  
Seal, name & address of the Bank and address of the Branch

*\* Preferably at the headquarters of the authority competent to sanction the expenditure for purchase of goods or at the concerned district headquarters or the State headquarters.*

\*\*\*\*\*