

06 JUN 2016

Diary No. 3900

Subject: Reasonability of rates for the finalization of procurement of Goods/ Store, Works & Services.

Whereas sufficient provisions have been made in the existing Govt. Instructions with regards to standardization of 'Technical Specifications (TS)', 'Qualifying Requirements (QR)' & other General Terms & Conditions for the finalization of procurement, reasonability of the rates have been inviting attention of the State Government from some time. One of the significant factors that eventually facilitates order placement is the reasonableness of the L-1 (Lowest offer price/ Tenderer) price. That is, it is not only techno commercial suitability phase that a tender has to successfully pass but the tenderer, even after being L-1, has to be within the ambit of reasonability of price for getting the order. Although general guidelines have been provided for assessing the reasonability of rates by the High Powered Purchase Committee as provided under Para 2(v) of memo no DS&D/Admin/EA-II/E/15/18/2013/12999-192 of dated 06.01.2015 but a need was being felt to make it more specific/ realistic to ensure better reasonability of rates.

Having considered the relevant issue, the Govt. has decided that for assessing the reasonability of rate by the High Powered Purchase Committee, the concerned Indenting Departments/ Organizations will provide reasonability of rates for each item on the following parameters:-

- a. Reasonability of rates on the basis of tender response in general.
- b. Reasonability of rate based on pattern of rates/ quantities quoted to rule out possibility of cartelization.
- c. Reasonability of rates on basis of (minimum 3 justifications as given below):
 - i. Last purchase rates (three years)
 - ii. Other State rates (three years).
 - iii. DGS&D rates
 - iv. Current market rates.
 - v. Estimated price mentioned in the indent/ tender.
- d. Reasonableness of rates depending upon quantity involved/ terms of delivery/ period of delivery/ distress sale/ distress/ emergency purchase. These factors need to be analyzed for arriving at the price.

In this regard, the reasonability of rates for each item shall be provided by the Indenting Department/ Organization as per the Performa for Reasonableness of Rates as per Annexure-I enclosed with this order.

Government of Haryana
Department of Industries & Commerce
G.O. No. 2/2/2016-4I-B II dated _____

The above instruction will replace the existing provisions as contained in Para 2 (v) of memo no DS&D/Admin/EA-II/E/15/18/2013/12999-192 of dated 06-01-2015 with regard to reasonability of rates.

The above instructions may be brought to the notice of all concerned.

Dated: 27.05.2016

Devender Singh
Principal Secretary to Government Haryana,
Industries & Commerce Department

Endst. No.2/2/2016- 4I-B II

Dated, the 27-5-2016

A copy of the above is forwarded to the following for information and necessary action:-

1. All the Administrative Secretaries to Govt. Haryana.
2. All the Heads of Departments, Govt. of Haryana.
3. All the MDs/ CEOs of Boards/ Corporations/ Federations in the State of Haryana.
4. All the Divisional Commissioners in the State of Haryana.
5. All Deputy Commissioner in the State of Haryana.

Ram Singh

Superintendent Industries-II,
For Principal Secretary to Government Haryana,
Industries & Commerce Department

Endst. No.2/2/2016- 4I-B II

Dated, the 2-6-2016

A copy of the above is forwarded to the following for information and necessary action:-

1. Director, Supplies & Disposals, Haryana, Panchkula.
2. Principal Accountant General (Audit), Haryana, Sector-33, Chandigarh.

Ram Singh

Superintendent Industries-II,
For Principal Secretary to Government Haryana,
Industries & Commerce Department

PERFORMA FOR REASONABLENESS OF RATES

Annexure-I

Name of the Department/ Board/ Corporation/Federations:

Name of item/ work/ service:

Sr. No.	Parameter	Calculation/ justification
1	Is the tender response reasonable taken into consideration the number of manufacturers/suppliers of the item in the country? (In case of imported items - in the world)	YES/NO
2	Is cartelization of tender is suspected in general - on the basis of pattern of rates quoted, quantities quoted, any other observations or inputs from market sources?	YES/NO
3	<p>Reasonability of rates: (If rates of at least three below mentioned parameters matches/nearby to the current case rates with justification, then Rates may be Reasonable)</p> <p>(i) Last Purchase Rates (LPR) if made in the last 3 years of same specifications. If specifications are slightly different, then the rates should be worked out after adding/deducting the tentative cost of extra/less items involved.</p> <p>a. LPR available of dated _____ :</p> <p>b. Updated rates as on date after taking into consideration variation in Wholesale Price Index or any other relevant index of the major raw materials involved in the manufacturing of item/work/services _____ :</p> <p>c. Updated rates as on date after taking into consideration of current Exchange Rates (if any) of the major raw material involved in the item _____ :</p> <p>(ii) Other States rates (preferably minimum adjoining States made within last three years).</p> <p>a. Other State (name) rates available of dated _____ :</p> <p>b. Updated rates as on date after taking into consideration variation in Wholesale Price Index or any other relevant index of the major raw materials involved in the manufacturing of item/work/services _____ :</p> <p>c. Updated rates as on date after taking into consideration of current Exchange Rates (if any) of the major raw material involved in the item _____ :</p> <p>(iii) DGS&D-Govt. of India Rate Contract rates (If the item is on DGS&D GOI R/C)</p> <p>a. DGS&D rate available of dated _____ :</p> <p>b. Updated rates as on date after taking into consideration variation in Wholesale Price Index or any other relevant index of the major raw materials involved in the manufacturing of item/work/services _____ :</p> <p>c. Updated rates as on date after taking into consideration of current Exchange Rates (if any) of the major raw material involved in the item _____ :</p> <p>(iv) Current market price (as per website of the company/firm; online shopping portal; current news paper rates or from any authenticated sources)</p> <p>(v) Estimated price mentioned in the indent/ tender</p>	
4	Reasonableness of rates depending upon quantity involved, terms of delivery, period of delivery, distress sale, distress/ emergency purchase. These factors needs to be analyzed for arriving at the price	
5	Departments/State Govt. agencies general assessment regarding reasonability of rates on the day	
6	Signature of the competent authority with designation	