

Government of Haryana
Department of Industries & Commerce
G. O. No. 2/2/2010-4 | Bill dated 19th December 2011

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From
Financial Commissioner and Principal Secretary
to Government of Haryana,
Industries & Commerce Department

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- To
1. All the Administrative Secretaries to Government of Haryana.
 2. All the Heads of Departments.
 3. All the MDs/CEOs of Board and Corporations.
 4. All the Divisional Commissioners in the State of Haryana.
 5. All the Deputy Commissioner in the State of Haryana.
 6. Registrar, Punjab & Haryana High Court.

Subject: Policy decision/ guidelines regarding treatment of VAT accruing to the state on purchases & rate contracts processed through the Directorate of Supplies and Disposals, Haryana.

As per the current store purchase procedures followed by the Directorate of Supplies & Disposals, the bidders quote their rates either inclusive of all applicable duties/ taxes etc. or specify such components separately in response to the DNITs for arranging the store purchases or rate contracts, which are then taken into account in a composite manner for the purposes of evaluation and the bid-offers are ranked as L₁, L₂, and L₃ on the basis of composite rates quoted by the bidders irrespective of the place of billing i.e. from Haryana or out of Haryana. Further, as per the current procurement procedures & guidelines issued vide G.O. 2/2010-4I Bill dated 28.05.2010, Purchase Preference up to 50% of the tendered quantities is permissible to the suppliers/ manufacturers situated in Haryana State provided the quoted composite offer of the firm claiming Purchase Preference is within 10% of the lowest valid composite rate received in the tenders and the Haryana based firm agrees to commit supplies at the lowest accepted composite rates & comply with the other specified requirements.

2. The above provisions have been reconsidered with a view to further rationalising the existing purchase procedures. In order to encourage larger nation-wide competition as also take into account the benefits accruing to the state of Haryana and increase the State VAT revenues, the Government has decided as under:

- i) For the purpose of financial evaluation of bids in any tender enquiry of the Government Departments or its PSEs or any other agencies of the State Government, 50% of the VAT revenue accruing to the State of Haryana should

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be discounted from the composite price bid of the bidder while comparing the bids received in response to such DNIT and the L₁, L₂, L₃ bidder status will be determined accordingly. This is explained with the help of illustrations enclosed as Annexure 'A'.

- ii) Purchase Preference Policy to Haryana based manufacturing/ supplier units is hereby dispensed with in view of the benefit under (i) above. However, the existing policy regarding Purchase Preference to the approved sources, including Central or Haryana State Public Sector Undertakings/ Enterprises would continue to be followed.
3. Accordingly, all the indenting departments/ state organisations are advised to incorporate the revised stipulation in all their future tenders for purchases and rate contracts.
4. In case a bidder does not expressly confirm to raise the billing from Haryana State in its bid offer, it is to be considered as a non-Haryana billing offer.
5. If a successful bidder is awarded the bid offer after discounting/ rebating 50% of the VAT revenues accruing to the state of Haryana as per sub-para 2(i) above and the sale does not lead to the full accrual of the VAT revenues to the State of Haryana on the accepted price bid, a penalty equivalent to short accrual of the VAT revenues to the State of Haryana would be recovered from the supplier.
6. This policy shall operate in respect of the tenders floated/ invited after the issue of these guidelines.
7. The above guidelines issue with the concurrence of Finance Department conveyed vide its U. O. No. 1/39/2011-4FIII/333 dated 21.09.2011.

Y. S. Malik
Financial Commissioner & Principal Secretary to
Government of Haryana,
Industries & Commerce Department.

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Endst. No. 2/2/2010-4 I BII
Dated, the 19th of December 2011

A copy is forwarded to the Financial Commissioner & Principal Secretary to Government of Haryana, Finance department with reference to their U.O. No. 1/39/2011-4FIII/333 dated 21.09.2011 for information.

Ram Pal Singh 19/12/11
Superintendent IB-II,
for Financial Commissioner & Principal Secretary to
Government of Haryana,
Industries & Commerce Department.

Endst. No. 2/2/2010-4 I BII
Dated, the 19th of December 2011

A copy is forwarded to the followings for information and necessary action:

1. Director, Supplies & Disposals, Haryana, Chandigarh.
2. The Principal Accountant General (Audit), Haryana, Sector 33, Chandigarh.
3. The Excise & Taxation Commissioner, Haryana for necessary action in accordance with these instructions.

Ram Pal Singh 19/12/11
Superintendent IB-II,
for Financial Commissioner & Principal Secretary to
Government of Haryana,
Industries & Commerce Department.

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Annexure -A

Illustrations

1.	When out of the two bidders, one raises the billing from Haryana and the other raises billing from a place out of Haryana	
1)	<i>Haryana based billing when the benefits of VAT form C-3 are not available to the state para-statalis</i>	
	Bidder 'A'	Bidder 'B'
Gross price quoted by the bidders in their bid <i>(assuming as Rs. 100/- by the bidder 'A' & Rs. 95/- by the bidder 'B')</i>	Rs. 100	Rs. 95
Place of billing	Haryana	Out of Haryana
Rate of VAT including surcharge as applicable <i>(assuming as 13.125% for the bidder 'A' & 12.5% for the bidder 'B')</i>	12.5% VAT +5% surcharge= 13.125%	12.5% VAT (or the rate as applicable in that state)
VAT revenue accruing to the Haryana State	Rs. 13.125	NIL
50% of the VAT revenue accruing to the Haryana State	Rs. 6.56	NIL
Evaluated rates of the bidders for comparison purpose and financial gradation of the lowest bidder	Rs. 93.44 L ₁	Rs. 95.00 L ₁
2.	<i>Haryana based billing when the benefits of VAT form C-3 available to the state Government Departments</i>	
	Bidder 'A'	Bidder 'B'
Gross price quoted by the bidders in their bid <i>(assuming as Rs. 100/- by the bidder 'A' & Rs. 95/- by the bidder 'B')</i>	Rs. 100	Rs. 95
Place of billing	Haryana	Outside Haryana
Rate of VAT including surcharge as applicable <i>(assuming as 13.125% for both the bidders)</i>	4% + 5% surcharge = 4.20%	12.5% VAT (or the rate as applicable in that state)
VAT revenue accruing to the Haryana State	Rs. 4.20	Rs. - NIL-
50% of the VAT revenue accruing to the Haryana State	Rs. 2.10	NIL
Evaluated rates of the bidders for comparison purpose and financial gradation of the lowest bidder	Rs. 97.90 L ₁	Rs. 95.00 L ₁