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

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

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. 2/2010-4 I BII 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 nationwide 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
be discounted from the composite price bid of the bidder while comparing
the bids received in response to such DNIIT 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

Y. S. Malik
Financial Commissioner & Principal Secretary to
Government of Haryana,
Industries & Commerce Department.
Government of Haryana
Department of Industries & Commerce
G. O. No. 2/2/2010-4 I BI dated 19th December 2011

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


Superintendent IB-II,
for Financial Commissioner & Principal Secretary to Government of Haryana, Industries & Commerce Department.

Endst. No. 2/2/2010-4 I BI 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.

Superintendent IB-II, 19/12/11
for Financial Commissioner & Principal Secretary to Government of Haryana, Industries & Commerce Department.
Government of Haryana  
Department of Industries & Commerce  
G. O. No. 2/2/2010-4 I BII dated 19th December 2011

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

| Haryana based billing when the benefits of VAT form C-3 are not available to the state para-statals |
|---|---|
| **Gross price quoted by the bidders in their bid**<br>(assuming as Rs. 100/- by the bidder 'A' & Rs. 95/- by the bidder 'B')<br>**Place of billing**<br>Haryana | Rs. 100 | Rs. 95 | Out of Haryana |
| **Rate of VAT including surcharge as applicable**<br>(assuming as 13.125% for the bidder 'A' & 12.5% for the bidder 'B')<br>**Haryana**<br>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**<br>Rs. 13.125 | Nil |
| **50% of the VAT revenue accruing to the Haryana State**<br>Rs. 6.56 | Nil |
| **Evaluated rates of the bidders for comparison purpose and financial gradation of the lowest bidder**<br>Rs. 93.44 | Rs. 95.00 |

2. Haryana based billing when the benefits of VAT form C-3 available to the state Government Department:

| **Gross price quoted by the bidders in their bid**<br>(assuming as Rs. 100/- by the bidder 'A' & Rs. 95/- by the bidder 'B')<br>**Place of billing**<br>Haryana | Rs. 100 | Rs. 95 | Outside Haryana |
| **Rate of VAT including surcharge as applicable**<br>(assuming as 13.125% for both the bidders)<br>**Haryana**<br>4% + 5% surcharge = 4.20% | 12.5% VAT (or the rate as applicable in that state) |
| **VAT revenue accruing to the Haryana State**<br>Rs. 4.20 | Rs. - Nil- |
| **50% of the VAT revenue accruing to the Haryana State**<br>Rs. 2.10 | Nil |
| **Evaluated rates of the bidders for comparison purpose and financial gradation of the lowest bidder**<br>Rs. 97.90 | Rs. 95.00 |

Page 1 of 4