

# Marketing Support

*Extracts from J&K Industrial Policy, 2004*

## CHAPTER 22.0.0

### 22.1.0 Earnest Money/ Security Deposits

The following incentives are available:-

01. SSI units shall be required to pay only 50% of the amount of earnest money prescribed by the tendering authority or Rs. 5000 whichever is lower.
02. Tender documents shall also be supplied to the SSI units @ 50% of the price of the documents or Rs. 100 whichever be lower.
03. SICOP shall be treated at par with the SSI units for the purposes of the aforementioned provisions.

### 22.2.0 Price Preference:

- 22.2.1. In order to help the local registered SSI units in marketing their finished goods, the state government shall be giving them preferential treatment as also price preference in case of such of their finished goods which are required and have to be purchased by all government departments, public sector undertakings or boards.
- 22.2.2 The provisions made in the package of incentives to meet the above objective are reproduced here:-
  - a) Price preference upto 15% shall be available to the local SSI units in all government purchases. The price preference shall also apply in case of any goods purchased by the public sector undertakings/boards for their own non-commercial use. The price preference shall not cover items purchased by the public sector undertakings and boards who may use such goods as raw materials, consumables, packing of their products which are in turn meant to be sold on commercial basis either to the government departments or to private consumers or in the open market.
  - b) Nothing contained in the preceding para shall mean to restrain the government from purchasing or allowing any of its department boards/corporations to purchase any consumption commercial goods from any other manufacturing organization of the government such as JKI, JKLM, SIDCO, Agro Industries Corporation, J&K Handloom Development Corporation, KVIB etc. whether without inviting tenders or after inviting tenders.
- 22.2.3 The price preference indicated at 21.2.2 (a) above has been interpreted to mean that a local SSI unit will be entitled to upto 15% price preference viz-a-viz lowest tendered rates by an outside unit. If the rates quoted by a local SSI unit are within the difference of 15% between the rates as quoted by local units and lowest outside tender, the orders shall be placed with local unit. In other words the unit holder shall be entitled to payment as per his quoted rate provided the same is within the maximum limit of 15% of the lowest quoted rate by an outside unit holder.
- 22.2.4 In all other cases where the price preference applies, the following procedure shall be followed in supersession of any other government or departmental instruction, if issued to the contrary to encourage the sustainability and growth of SSIs in the state.
- 22.2.5 Every purchase committee of the government departments shall include a member from the directorate of the I&C not below the rank of general manager. Any committee constituted without any such representative of DIC shall be void, abinitio.
- 22.2.6 If the goods offered by a registered SSI unit carry quality mark, for example of BIS, FPO etc. or if the goods otherwise are of standard quality, and if the rate quoted by the SSI unit is within 15% of the lowest rate quoted by any other tenderer not being another local registered SSI unit then the purchase committee shall decide to place order on such local registered SSI unit without further negotiating the price if the local SSI unit has the requisite registered capacity to meet the tendered requirement.
- 22.2.7 If the rate quoted by the local registered SSI unit is not within 15%, the committee may negotiate the rate with it and place order on such negotiated rate.
- 22.2.8 No tender from a local registered SSI unit shall be rejected in contravention of the aforementioned

instructions. In case the purchase committee faces any difficulty in carrying out these instructions, it will refer the matter to the I&C department in the secretariat and their decision in the matter shall be final and binding on the purchase committee of the department.

- 22.2.9 If a local registered SSI unit is on rate contract with the DGS & D, DG QA, NSIC, etc. for a particular item needed by a government department, it shall purchase the item from such SSI unit without inviting tenders.
- 22.2.10 It would be lawful for any local registered SSI unit to quote through SICOP, or to seek supply order through SICOP, or to request/ authorize SICOP to represent its case before the purchasing department. In all such cases, SICOP shall be treated at par with the SSI unit or units whose case it may be representing for all matters connected with the finalization of the contract, delivery of supplies and the price-preference.
- 22.2.11 No purchasing department shall force or cause any local registered SSI unit to get more quality tests conducted at its own cost if such unit is registered with the BIS, DGS&D, DGQA, etc. for ISI/ISO 9000/FPO mark.
- 22.2.12 If the department supplies raw material to a local registered SSI unit directly or through SICOP, such as steel billets, wire rods, for conversion into the end products required, such as structural steel, crate-wire etc. the conversion rate may be worked out by the concerned administrative department (such as PWD) and a rate contract sanctioned.
- 22.2.13 For any item where the market price for the goods manufactured by mills are controlled by statutory orders, which are not applicable to the SSI units, the price preference may be negotiated on the basis of such statutory rates.

#### TENDER

##### SMALL SCALE INDUSTRIAL UNIT – PRICE PREFERENCE

Supply of 450 quintals of Nutri Reputed brands only – Industrial Policy, 2004 and Package of Incentives for development of Industries in Jammu and Kashmir – Petitioner was not entitled to Price Preference or participation in negotiation because it had not participated as an agent or distributor of the Small Scale Industrial Unit – Price Preference was available to Small Scale Industrial Units even if there were no Outside State Unit(s) in competition – Having participated in the competition for award of Contract as a General Trading Unit depositing FDR of Rs.5.00 lacs and not as a Small Scale Industrial Unit, the petitioner was not entitled to the incentives which were available only to Small Scale Industrial Units – Status of respondent No.3 as SSI Unit having not been disputed, the State-respondents were within their power to allot the Contract to the local SSI Unit which on negotiation had offered to supply Nutri at Rs.34.00 per kilogram, which was within 15% of the rate quoted by the Trading Unit other than the SSI Unit – Writ petition dismissed. – *Ram Kour Behari Lal v. State of J&K & Ors. 2012 (1) JKJ HC-443*

Small Scale Industrial Unit – Price preference – Supply of 1500 Quintals Moongi Green Whole – Even if respondent No.3 was entitled to Price Preference, the Price Preference could not be given to it in the present case because it was not participating in the competition for supply of any manufactured item – Price Preference is allowable to existing Units and New Industrial Units only after they go in for production and on their Product – Tender issued by the District Programme Officer, ICDS, Rajouri for Moongi Green Whole, being not the product manufactured by respondent No. 3 which is registered for processing of Dal(Gram) and Basin besides processing of Moong and Mash, would not be entitled to Price Preference while competing for the supply of Moongi Green Whole, which was not a finished product on which Price Preference could be claimed – Its entitlement to Price Preference is only for those items which were processed by it in its Unit and not on any raw material – State-respondents have, therefore, erred in curtailing the petitioner's supply of 50% of Moongi Green Whole to the ICDS Rajouri and giving it to respondent No.3 – Order quashed – State-respondents to place orders with the petitioner for supply of 100% quantity of Moongi Green Whole in view of its having been adjudged as lowest tenderer – Petition allowed. – *National Steel Trading Corporation v. State of J&K & Ors. 2012 (1) JKJ 459[HC]*