

ASSAM ACT NO. XIX OF 1989

(Received the assent of the Governor on 14th July, 1989)

THE ASSAM PREFERENTIAL STORES PURCHASE ACT, 1989

An

Act

for encouraging growth of Industries in the State of Assam specially small scale and cottage industries and for taking measures ancillary thereto :

Preamble. Whereas it is expedient and necessary to encourage growth of industries in the State of Assam specially small scale and cottage industries by patronising their products on preferential basis and to rationalise and the procedure for purchase of stores required by the State Government, Government Institution, Government Companies and State Government undertaking ;

And whereas the Assam Preferential Stores Purchase Rules, 1972 need to be replaced by an Act of the State Legislature to implement Industrial Policy announced and published by the Government of Assam vide Notification No. Cl. 586/86, dated 24th December, 1986 :

It is hereby enacted in the Fortieth Year of the Republic of India as follows :—

Short title, extent and commencement. 1. (1) This Act may be called the Assam Preferential Stores Purchase Act, 1989.

(2) It shall come into force at once.

(3) It extends to the whole of the State of Assam.

Definitions. 2. In this Act, unless there is anything repugnant in the subject or context :—

(a) "Governor" means the Governor of Assam ;

(b) "State" means the State of Assam ;

(c) "State Government" means the Government of Assam ;

(d) "State Board" means the Assam State Stores Purchase Board constituted under Section 3 of this Act ;

- (e) "Departmental Purchase Committee" means a Committee constituted under section 8 of the Act ;
- (f) "Small Scale Industry" means an industrial unit in which the capital investment for plant and machinery does not exceed thirty-five lakhs rupees or any other amount as may be decided by the Central Government from time to time and located in the State of Assam :
- (g) "ancillary industries" means undertakings having investment in fixed assets in plant and machinery not exceeding forty-five lakhs rupees or any other amount as may be decided by Central Government from time to time and located in the State of Assam and engaged in ;—
- (i) the manufacture of parts, components, subassemblies, toolings or intermediates ; or
- (ii) the rendering of services and supplying or rendering or proposing to supply or render fifty per cent of its production of the total services as the case may be to other units for production of other articles ;
- (h) "tiny industry" means undertaking having investment in fixed assets in plant and machinery not exceeding two lakhs rupees or any other amount as may be decided by Central Government from time to time and located in the State of Assam ;
- (i) "other Industry" means an industrial unit located in the State of Assam being other than a small scale industry, an ancillary industry, a cottage industry, a tiny industry and a khadi and village industry ;
- (j) "cottage Industry" means a village industry situated within the State of Assam under the Assam Khadi and Village Industries Board, Silk Board and also includes a home industry conducted in the State by an artisan member of a family or groups or organisation without the aid of hired labour ;
- (k) "purchasing Authority" means the person or authority which is duly authorised or is competent to make purchase of stores ;
- (l) "registered Industry" means an industrial unit registered under the Directorate of Industries in accordance with provisions of this Act. ;
- (m) "stores" means and includes all items procured by the Department/Corporations/Autonomous bodies Statutory Bodies :

- (n) "Technical Committee" means the Committee constituted in pursuance of this Act;
- (o) "Director" means Director of Industries, Government of Assam;
- (p) "Unit" means the Small Scale Industrial Unit, ancillary industrial unit, tiny industrial unit, cottage industrial unit and other industrial units;
- (q) "Prescribed" means prescribed by rules made under this Act;
- (r) "Requiring Authority" means the State Government Departments and their subordinate authorities, State Government Undertakings/Corporations/Statutory bodies/Autonomous bodies;
- (s) "ASIDC" means the Assam Small Industries Development Corporation Ltd.

Constitution of the State Board.

- 3. (1) The State Government, by notification in the Official Gazette, shall constitute a Board to be known as "The Assam State Store Purchase Board" on such term as may be specified in the Notification with the members specified in the Schedule-I.
- (2) The State Government may, by notification in the Official Gazette, reconstitute the Board from time to time by changing the member of the Board.

Terms of the Board.

- 4. (1) The term of the Board shall be for a period of three years unless reconstituted earlier.
- (2) The Board shall meet at least once in three month.
- (3) The minimum of five members with the Chairman or Vice-Chairman and the Member-Secretary shall form a quorum.

Power and functions.

- 5. (1) The Board shall supervise and review the proper implementation of the Act and Rules framed thereunder.
- (2) Without prejudice to the generality of the fore-going provisions, the Board may,—
 - (a) constitute suitable technical committee consisting of the Director, representatives of major purchasing authorities, representative of the concerned industries, Cost Accountant, Quality Control Officer of the

Directorate of Industries for laying down quality specification or reasonable prices for different items of stores, subject to the general or special directions of the Board:

Provided that Technical Committee for items of Stores in Schedule-III shall be constituted by ASIDC as per Government guide lines laid down in G. M. issued vide Notification No. PE. 61/88/1, dated 28th March, 1988 as in Schedule-IV.

(b) decide whether in respect of any items of stores or any registered industries, any earnest money and security deposit should be prescribed ;

(c) approved prosecution of concerned purchasing official for breach of the provisions of the Act or directives issued by the Board thereunder.

6. A unit fulfilling the following criteria shall be registered under this Act and shall be eligible for incentives under this Act.

Eligibility.

(1) A unit under small scale sector shall have 100 per cent employment of local people.

(2) A unit in the medium and large sector shall have employment of 80% local people in the managerial cadre and 90% of local people in the non-managerial cadre and that over a period of 5 years from the commencement of production of such medium and large unit should take all effective steps to ensure 100% employment of local people in non-managerial and 90% managerial posts.

(3) The location of administrative, registered controlling officers shall be within the State of Assam.

(4) The unit should be in regular production having requisite machinery.

Preferences. 7. (1) (a) small Industries, Khadi and Cottage Industries registered under this Act shall be exempted from payment of earnest money and security deposit for items in respect of which the units are registered. However, medium and large units have to pay earnest money and security deposit as may be prescribed.

(b) Items of stores mentioned in Schedule—II, be known as "Reserved Item", shall be purchased by all requiring authorities from registered industries :

Provided that where the Director with the prior approval of the Chairman of the State Board certifies that the capacity for production within the State of any such item has exhausted, purchase from the open market as per usual procedure as long as this certificate remaining in force.

(c) Items of stores mentioned in Schedule—III shall be purchased by requiring authorities from ASIDC. ASIDC shall follow the guidelines regarding fixation of price, commission etc. as laid down in office memorandum issued by Notification No. PE-61/88/1, dated 28th March 1988 as in Schedule—IV.

(d) The State Government shall from time to time publish a list of stores which shall be purchased by requiring authorities only from industrial units, having valid Store Purchase Registration and in accordance with the policy laid down by the State Board.

(2) In respect of items of stores other than those mentioned in Schedule—II or covered by the Act price preference shall be given to registered industries (or their authorised agents and dealers) upto 15 per cent in case of Cottage Industries, 10 per cent in case of Small Industries and 5 per cent in case of other industries of Assam.

(3) Without prejudice to the other provisions of the Act other things being equal, registered industries should be preferred to units not so registered and within the industries so registered preference should be given to cottage industries, small industries and other industries in that order, by giving a price preference upto 10 per cent and 5 per cent to registered cottage and small industries respectively over registered other industries.

Purchase Committee. 8. For each department of the State Government there shall be a Purchase Committee with the following officials :—

Chairman—

1. Head of Department

Member—

2. Director of Industries or his representative not below the rank of Deputy Director.

Member -

3. A representative of the Department not below the rank of Under Secretary.

Member--

4. Financial Adviser of the Department.

Member-Convenor—

5. Finance and Accounts Officer of the concerned Directorate :

Provided that in case of Printing and Stationery Department, Secretariat Administrative Department of the Assam Secretariat, the Deputy Secretary or Joint Secretary of the Department shall be the Member-Secretary and the Departmental Purchase Committee shall be headed by the Special Commissioner or Commissioner or the Secretary of the Department.

9. For each Government Corporation, Government Undertaking, Assam Electricity Board, there shall be a Purchase Committee which shall include two representatives from the State Government, one of which shall be the Director of Industries or his representative not below the rank of Deputy Director and the other representing the Finance Department.

Purchase Committees decision shall be binding. 10. The decision of the Purchase Committee shall be recorded in a minutes to be signed by all members. The decision of the Purchase Committee shall be binding on the Department.

Inspection. 11. The Purchasing authorities shall make necessary arrangement for inspection of quality and quantity etc. of stores and arrange for prompt payment of bills within 15 days of receipt of the stores. Any dispute about quality may be referred to the Technical Committee constituted under section 5(2) (a).

Sanction for
Prosecution 12. Where it appears that any Department, Company, State Government Undertaking or Organisation or Industrial Unit has contravened any provision of the Act or rules framed thereunder or any directive issued by the Board, the State Government may, after such enquiry as it deems necessary, sanction prosecution of the Head of the Office, Organisation, State Government Undertaking or Industrial Unit, as the case may be.

Penalty for
offence. 13. Whoever contravenes any provision of this Act, shall be punishable with the fine not exceeding one thousand rupees.

Cognizance
of offence. 14. No court inferior to that of a Judicial Magistrate, First Class shall take cognizance and try any offence under this Act.

Offence. 15. If any industrial units furnishes any false information or conceal information, defaults in supplying stores in accordance with commitments or supply short or substandard stores contrary to its commitment or indulge in any other undesirable activities such act or acts shall constitute an offence under this Act.

Annual
Return. 16. All purchasing authorities shall submit to their respective administrative departments in the month of May every year an annual return of the purchase made during the last financial year. The administrative departments shall consolidate these returns and send them to the State Board in the month of June every year for review.

Power to
make rules. 17. The State Government may make rules for carrying out the purposes of this Act.

Repeal and
savings. 18. (1) The Assam Preferential Stores Purchase Rules, 1972 are hereby repealed.

(2) Notwithstanding such repeal, any action under the Assam Preferential Stores Purchase Rules, 1972 shall be deemed to have been taken under this Act.

Removal of
difficulties. 19. If any difficulty arises in giving effect to the provisions of this Act, the State Government may by general or special order give such direction not inconsistent with the provisions of the Act as appears to be necessary or expedient for removing such difficulty and the order of the State Government in such cases shall be final.

Power to
exempt. 20. The State Government may, by notification in the Official Gazette, after recording the reasons in writing exempt any unit from the operation of any provisions of this Act on such condition as it deems fit.

SCHEDULE—1

(Section—3)

(1) The Board shall be constituted with the following Members—

- | | | |
|--|-----|------------------|
| 1. Commissioner, Industries Department | ... | Chairman. |
| 2. Secretary, Industries Department | .. | Vice-Chairman. |
| 3. Director, Industries Department | ... | Member-Secretary |
| 4. Secretary, Public Works Department | .. | Member. |
| 5. Secretary, Finance Department | ... | Member. |
| 6. Chief Engineer, P. W. D. (Building) | .. | Member. |
| 7. Chief Engineer, P. W. D. (Roads) | ... | Member. |
| 8. Chief Engineer, Public Health Engineering Department. | .. | Member. |
| 9. Chief Engineer, Irrigation | .. | Member. |
| 10. Chief Conservator of Forest (General) | ... | Member. |
| 11. Director, Health Services | ... | Member. |
| 12. Director, Public Instruction | ... | Member, |
| 13. Director, Technical Education | .. | Member. |
| 14. Director, Agriculture | ... | Member. |
| 15. Director General of Police (G) | .. | Member. |
| 16. Director, Rural Development | ... | Member- |
| 17. Director, Printing and Stationery | ... | Member. |
| 18. Inspector General of Prisons | ... | Member. |
| 19. Registrar of Co-operative Societies | ... | Member. |
| 20. Chairman, Assam State Electricity Board | ... | Member. |
| 21. Managing Director, Assam Small Industries Development Corporation Ltd. | .. | Member. |
| 22. Managing Director, Assam State Road Transport Corporation Ltp. | ... | Member. |

SCHEDULE—II

[Section 7 (1) (b)]

1. Hospital beds of Steel.
2. Water tanks with capacity upto 2,000 gallons.
3. Water buckets.
4. Steel trunks.
5. Soaps.
6. Phenyle.
7. Handloom and Khadi table-cloth.
8. Handloom and Khadi curtains.
9. Handloom and Khadi bed covers.
10. Pesticides.
11. Jerseys, Socks, Pattis vests and ganjis.
12. Gamousas (including Gamousas) instead of towels for Police and Officers.
13. Water filters.
14. Surgical Cotton, Gauze and absorbent cottons.
15. Paints and Varnishes.
16. Bicycles.
17. Galvanised and Conduit pipes.
18. Condu 2.ors.
19. Aluminium Utensil.
20. Brooms.
21. Roofing tiles.
22. Prestressed concrete pole.
23. R. C. C. Spun Pipes.
24. Garments.
25. Aluminium Furniture.
26. Steel Folding Cots.
27. Steel Kit Boxes.
28. Rain Coat.
29. Umbrella.
30. Wax Candle.
31. Bed sheet.
32. Cotton Bandages.

SCHEDULE—III

[See Section 7(I) (c)]

List of S.S.I. Products to be Marketed by Assam Small Industries Development Corporation Limited, Initially.

1. Wire netting and Berbed wire.
2. Sewing Machine.
3. Canvas Articles.
4. Drugs and pharmaceuticals and Clinical equipments.
5. Steel furniture.
6. Ayurvedic Medicines.
7. Black Boards and dusters.
8. Plastic items.
9. Cane & Bamboo items.
10. Electrical Accessories.
11. Wooden furnitures.
12. Uniforms and Curtains.
13. File Board/File covers/Envelopes.
14. Chalk pencils/Ink.
15. Iron Gates and Grills.

SCHEDULE—IV

[Section 7(1)(c)]

GOVERNMENT OF ASSAM : : DEPARTMENT OF PUBLIC
ENTERPRISES

No. PE. 61/88/1

Dated Dispur, the 28th March 1988

OFFICE MEMORANDUM

**Sub : Purchase of Products Manufactured by Local SSI Units
ASIDC Ltd. and Dealt in by Assam Small Industries Deve
lopment Corporation Ltd.**

In the matter of purchases made by the Government Deptts. and other organisation and public sector undertaking etc pursuant to the Cabinet decision on the subject mentioned above the Governor of Assam is pleased to issue the following guide-lines which shall be strictly adhered to henceforth by all Government Deptts., their subordinate authorities, Government organisations and public sector undertakings while making their purchases of any SSI products which are dealt in or manufactured by ASIDC Limited.

1. Investments in the public sector are made on overall grounds of public policy, public enterprises have to be made viable and the capacities created should be utilised to the fullest extent. The State Government Departments, their subordinate authorities, Government Organisations and public sector undertaking shall, therefore, invariably make purchases of all their requirements for such items/materials/products from the ASIDC Limited, which the Corporation deals in or manufactures. Quality requirement and reasonable delivery schedules should, of course, be enforced. A list of items of materials/products to be dealt in or manufactured by the ASIDC Limited, is given in Annexure-I. The ASIDC Limited, may publish such list incorporating therein any changes/modification is with regard to items as and when such assign arises.

2. The price of such SSI products will be fixed by the Technical Committee constituted by Assam Small Industries Development Corporation Ltd., with members from neutral organisations and concerned departments.

3. Purchasing authorities shall pay to the Corporation upto 5% as commission over the price fixed by the Corporation.

4. The purchasing authorities shall pay advance to the extent of 90% of the value of the orders placed with the Corpn.

5. These Guide-lines will not be applicable in cases of purchase of such items as at the time of flood, earthquake, storm and such other natural calamities epidemic, etc.

6. If any dispute or difference of opinion arises in regard to any matter mentioned in this office Memorandum, the same should be referred to the Department of Public Enterprises of decision and any decision given by the Department of Public Enterprises on such reference shall be binding on all the concerned parties.

7. This will come into force with immediate effect.

Sd/—
(S. CHATERJEE), 4-4-88,
Secretary to the Government of Assam,
Department of Public Enterprises.

Memo No. P.E.61/88/1-A, Dated Dispur, the 28th March 1988

Copy to :—

1. The Commissioner and Secretary to the Government of Assam, Industries Department. This referred to his U/O Note dated 23rd March 1988 in Industries Department File No. CI 341/87.
2. The Accountant General, Assam etc. Shillong 793001.
3. All Administrative Departments.
4. All Heads of Departments.
5. All Chief Executives of State Public Enterprises.
6. Managing Director, Assam Small Industries Development Corporation Ltd., Guwahati, P.O. Bamunimaidan. He is requested to give due publicity to this Government decision, effectively authorise all Government/Semi-Government Organisation and Registered SSI Units and their Organisation and take all needful steps towards implementation of the Government decision.

By order, etc.

S. CHATERJEE, 4-4-88
Secretary to the Government of Assam,
Department of Public Enterprises.

ANNEXURE-I

LIST OF S. S. I PRODUCTS TO BE MARKETED BY ASSAM
SMALL INDUSTRIES DEVELOPMENT CORPORATION
LIMITED INITIALLY

- 1 Wire Netting and Barbed Wire.
- 2 Sewing Machine.
- 3 Canvas Articles.
- 4 Drug and Pharmaceuticals and Clinical equipments
- 5 Steel Furniture.
- 6 Ayurvedic medicines.
- 7 Black Boards and Dusters.
- 8 Plastic items.
- 9 Cane & Bamboo items.
- 10 Electrical Accessories.
- 11 Wooden Furniture.
- 12 Uniforms and curtains.
- 13 File Board/File Cover/Envelope.
- 14 Chalk Pencils/Ink.
- 15 Iron Gates and Grills.

ANNEXURE—A

MARKETING ASSISTANCE SCHEME

To implement the new SSI products purchase Rules, the Assam Small Industries Development Corporation will follow the Schemes enumerated below.

Identifications of the items : In the first stage only 15 items of SSI products will be taken over by the ASIDC for supply to the Government Department.

The items are :

1. Wire Netting and Barbed Wire.
2. Sewing Machine.
3. Canvas articles.
4. Drugs and Pharmaceuticals and clinical equipments.
5. Steel furniture.
6. Ayurvedic medicines.
7. Black Boards and Dusters.
8. Plastic items.
9. Cane and Bamboo items.
10. Electrical Accessories.
11. Wooden Furniture.
12. Uniforms and Curtains.
18. File Board/File Covers/Envelope.
14. Chalk pencils/Ink.
15. Iron Gates and Grills.

Quality Control :

1. The items for which simple measuring tools are sufficient Technical Officers of the Corporation will look after the quality control. A certificate will be issued by the Corporation if required by the purchasing authority. Other items for which laboratory facilities are required will be tested in the Central Quality Control Laboratory, Directorate of Industries, the Small Industries Service Institute and the Public Analyst, Assam.

2. **Deviation** : If an item is found to deviate from the specified standard, the purchasing authority may accept the item under deviation and at a certain percentage reduction of price which is agreeable to SSI Unit.

3. **Rejected items** : Every effort will be made by the Corporation officials to maintain a uniform quality of the items before supply is made by the SSI Units even after that there must remain some substandard stores fixed with standard items. Such items may be rejected by the purchasing authority. The SSI Units will replace and remove such stores at their own cost. The purchasing authority will inform the Corporation about the acceptance or rejection immediately after the stores are received.

Manufacturing : The Corporation will provide the necessary raw-materials to a unit for execution of the order. One field officer will look after the proper utilisation of the materials in every step. An order can be cancelled and materials withdrawn from a unit with an immediately effective notice. This might be necessary to ensure proper utilisation of the materials.

Pricing :

The following steps will be taken by the Corporation to ensure a reasonable and fair price of the items.

(i) The entire State will be divided into Zones and price of each item will be fixed Zonewise. This will help the purchaser to procure required stores from the nearest source at the most reasonable price.

(ii) Tenders will be invited by the Corporation by advertisement in three or four local news papers in three consecutive issues giving one month time to the SSI Units. Tender papers will be issued by the Corporation by realising the cost of the papers from the intending tenderers.

(iii) The rates quoted will show the break up of cost of each item.

(iv) A technical committee will be formed by the Corporation with its own personnel and representatives of the Directorate of Industries, Small Industries Service Institutes, Bureau of Indian State Public Analyst and any other agencies that the Corporation deem.

(v) The Committee shall sit and examine the rate and fixed most reasonable at a certain date.

(vi) As the market price of every item of raw-materials, labour, rent etc. are increasing every day. There shall be a increase factor of each item fixed by the Technical Committee.

$$F = \frac{(A + B + C \dots \dots \dots \dots \dots \dots)}{P}$$

- Column F—Price increase factor.
- P—Price fixed, original.
- A—Cost of raw-materials.
- B—Cost of labour.
- C—Cost of.....etc.

This procedure of a variable price will save the purchasers from loss due to increase in cost with time. The technical committee cannot sit every month and spend enough time to fix new prices for the times. Thus enormous man-power, money and stationery will be saved by the Government in purchasing the stores.

REGISTRATION OF UNITS :

1. All SSI Units with valid stores purchase registration with the Directorate of Industries are eligible to be enrolled under this scheme if its products falls under the enlisted items.

2. A unit found to be suitable for registration will be asked to deposit Rs. 100.00 as registration fee and all relevant particulars of the unit will be entered in a register. The units found to be not suitable will be informed of the reason for disqualification, so that the unit can take steps to rectify the short comings.

3. As the Corporation cannot handover the raw-materials to unit without security, all units registered under this scheme shall have to provide sufficient security with the Corporation. The securities shall be in the form of (a) Landed property form or (b) Collateral surity in the form of guarantee or (c) Bank guarantee.

INDENTING :

The purchasing authorities will issue indent to the Corporation for the required products with 90% advance. The Corporation will immediately allot the work to the most suitable unit or units to complete supply within stipulated time. If the supply could not be completed in due time by the Corporation the purchasing authorities will deduct 1½% p. m. from bills.

The stores will be despatched by the units only after they are given despatch instructions by the ASIDC. Normally the despatch will have to commence within the third day from the date of despatch instructions, failing which the unit may be penalised the extent of bank interest on the amount. The stores will be received by the purchasing authority and the acceptance or rejection notes will be issued on the challans.

The Corporations will release payment upto 90% of the bills to the units on completion of supply. Any advance or advances will be deducted fully. The remaining 10% will be released on receipt of full payments of the bills from the purchasing authority.

INABILITY TO SUPPLY :

If the Corporation is unable to supply some items for any reasons, the purchasing authority will be communicated immediately in writing so that the authority may arrange purchase from alternative sources.

ORGANISATION

The scheme will be looked after by a manager with senior officers under him. There shall be same field officers who will constantly visit the units executing orders.

They will report to the senior officers about the smooth operation of the schemes. The problems arise which could not be solved by the senior officers, the matter will be reported to the Manager for further action.

The management of the Corporation shall review the procedures from time to time for any changes required.