

Rate Contract is generally concluded with Micro and Small Enterprises (MSEs) registered with Directorate of EP&M, Odisha, Bhubaneswar for the store items for which MSEs are supply to Govt. Organizations and claimed the product cost on the basis of rate contract rate as per the Rules of Rate contract, 2014 published in the Odisha Gazette Notification/Resolution No. 3477—III-MSME (DEPM)-42/2014-MSME, dt 19th June 2014 of MSME Department, Odisha, Bhubaneswar.

FAQs

1) What is the Objective of DEP&M Rate Contract?

- The objective of the Rate Contract is to extend marketing support to MSEs and to help Government to procure items in an uniform and competitive rate all over Odisha without inviting tender.
- MSEs Manufacturing goods / items as per ISI / BIS or as per Purchaser's Specification registered with DEP&M can apply for Rate Contract of the store item manufactured.

2) How to select a store items for Rate Contract?

- Upon registration with the DEP&M, the MSE can apply for his manufactured items to come under Rate Contract fold of DEP&M, in order to get an assured marketing facility and to sell its item to Government Department and Agencies under the control of the Government.
- On application along with the quantity of requirement by the Government Department, the Director EP&M shall ask the Purchasing Department to submit the annual requirement of the store item applied for Rate Contract.
- A Sub-Committee consisting of Director as its Chairman, Representative of Director of Industries, Odisha, Cuttack as its Member, Representative of OSIC Ltd., Cuttack as its Member, Representative of the Purchasing Department as its Member, Representative of Industries Association as its Member and Deputy Director (Marketing) Office of the DEP&M, Odisha as its Member – Convener is to recommend to Government for selection of the store item, if the item so applied fulfils the following conditions.

a. The items is in repetitive demand and its price is not subject to frequent market fluctuations.

b. The minimum requirement of stores / services shall not be less than 2,00,000/-per annum in the Government sector.

- The selection of store (s) / services shall be made from among the Micro and Small Enterprises located in the State and registered with the Directorate of EP&M.

In order that the stores / services selected for rate contract conform to quality specifications, the raw materials, machineries, equipments and the manufacturing process of the stores etc. as deemed necessary, shall be inspected by Inspecting Officers and incase of stores, the same shall be tested in the laboratories of the Directorate, and / or other authorized laboratories in or outside Odisha in case test facilities are not available in the laboratories of the Directorate. The Store(s) in general shall conform to IS Specifications. Where however, there is no ISI specification laid down, the store(s) may conform to the standards as may be specified by the Indenting Officer, Exemption from test shall not be allowed to any store(s) in cases where standard or quality specifications are not available, such stores / services shall not be allowed registration under the Directorate and such store(s) / services shall not be selected for Rate Contract.

- If Government approve the recommendation of the Sub-Committee for selection of the item, the item so approved by the Government may come under Rate Contract Folder.

What is the Procedure for Entering into Rate Contract ?

- Upon selection of the item by the Government for Rate Contract, the Director, EP&M shall issue Offer Notice to the registered MSEs to offer their price claimed with Cost Analysis Report, Material Analysis Report, Raw material purchase vouchers, Audited Profit and Loss Account and Balance Sheet and application fees of Rs.1000/- (Rupees one thousand) only within a period of 1 (one) month from the date of issue of Offer Notice.
- After receipt of offers from the MSEs, the Director, EP&M shall conduct Raw materials and Labour Assessment of the store item.
- The DEP&M collects Open Market rate for the raw materials and finished products.
- Director EP&M also collects rate of the item purchased by other Organization / Agency / PSU / other State Government and GeM price.

- A Cost Sheet is prepared on the basis of the rates of raw material submitted by the MSEs along with their offers and open market rates.
- The components of the cost sheet are (1) Raw materials cost (2) Labour Cost (3) Packaging Cost (4) Overhead Cost to arrive at the Total cost. Then 10% Profit is allowed to the MSEs on the total cost to arrive at the sale price of the store item.

4) What is the procedure for formation of Cost Committee Meeting to recommend a reasonable rate for the store item for rate contract?

There shall be a Cost Committee Comprising Joint Director (Inspection) as Chairman, Joint Director (Rate Contract), Deputy Director (Marketing), Deputy Director (Statistics), Representative of Director Industries, Representative of major Purchasing Organization, Financial Advisor of major Purchasing Departments, Representative of the Industries Association as Members with Deputy Director (Costing) or Assistant Director (Costing) as the Member Convener to aid and advise to arrive at a reasonable price for the purpose of the Rate Contract.

- The prices offered by the MSE shall be compared with the open market price of reputed brand and / or purchase rate of other organizations / GeM / other State / PSU etc. if available. The Director shall cause assessment of the store item on the basis of the lowest current raw material rates as per the purchase bill submitted by the MSEs and Market Rate of raw materials collected by the Directorate.
- Local MSEs having ISO / ISI Certification shall get additional 3% over & above the rate fixed in Rate Contract.
- The Cost Committee after comparison of rates from various sources shall recommend a reasonable rate for the store item to the Director, EP&M for conclusion of the Rate Contract. The Director may approve the recommended rate of the Cost Committee.

5) What is the procedure for Issue of Willingness Letter to the MSEs and time period of submission of Willingness?

The price so approved by the Director shall be communicated to the Micro and Small Enterprises and shall be asked to give his consent within 15 days of the issuing of the Willingness Notice. The rate contract will be concluded with the willing MSEs.

6) What is the procedure for Issue of Rate Contract Circulars?

After receipt of the willingness letter from the MSEs, the rate contract circular shall be issued in favour of the willing MSEs. The period of rate contract shall be normally for a period of one year from the date of notification and shall be deemed to be valid subsequently for another one year or till the finalization of next rate contract, whichever is earlier.

7) What is the procedure for Revision of Rate Contract Rate?

- The Director shall have the power to enhance or reduce the price of a item / services if during the period of the contract, the cost of manufacture of the store item / service has undergone substantial change on account of change in the price of raw material or other components of manufacturing / servicing.
- It shall be the duty of the contractor to intimate the Director about changes in the prices of raw materials and other components of servicing / manufacturing during the period of contract which might result in change in the final price in either direction.
- The Director shall take necessary action for revision of rate when minimum 30% of the rate contract holders intimate the Director about the changes in the price of the raw materials and other components supported with purchase vouchers and their fresh offer price.

8) What is the procedure to obtain Parallel Rate Contract?

- The Micro & Small Enterprises registered with the Directorate after issue of the original rate contract may be allowed parallel rate contract for the services / items at the contractual price for the unexpired period of the existing rate contract.
- Any MSE which does not participate in the offer despite having valid EP&M Registration shall not be eligible for the Parallel Rate Contract during the validity period of the said Rate Contract. In case of genuine problems disabling the participation of the MSE in the offer, the Director may consider to allow Parallel Rate Contract on receipt of appeal from the concerned MSE.
- Application of Parallel Rate Contract shall be submitted in prescribed form with regard documents and application fees of Rs.1500/- (Rupees one thousand five hundred).

- A Cost Sheet is prepared on the basis of the rates of raw material submitted by the MSEs along with their offers and open market rates.
- The components of the cost sheet are (1) Raw materials cost (2) Labour Cost (3) Packaging Cost (4) Overhead Cost to arrive at the Total cost. Then 10% Profit is allowed to the MSEs on the total cost to arrive at the sale price of the store item.

4) What is the procedure for formation of Cost Committee Meeting to recommend a reasonable rate for the store item for rate contract?

There shall be a Cost Committee Comprising Joint Director (Inspection) as Chairman, Joint Director (Rate Contract), Deputy Director (Marketing), Deputy Director (Statistics), Representative of Director Industries, Representative of major Purchasing Organization, Financial Advisor of major Purchasing Departments, Representative of the Industries Association as Members with Deputy Director (Costing) or Assistant Director (Costing) as the Member Convener to aid and advise to arrive at a reasonable price for the purpose of the Rate Contract.

- The prices offered by the MSE shall be compared with the open market price of reputed brand and / or purchase rate of other organizations / GeM / other State / PSU etc. if available. The Director shall cause assessment of the store item on the basis of the lowest current raw material rates as per the purchase bill submitted by the MSEs and Market Rate of raw materials collected by the Directorate.
- Local MSEs having ISO / ISI Certification shall get additional 3% over & above the rate fixed in Rate Contract.
- The Cost Committee after comparison of rates from various sources shall recommend a reasonable rate for the store item to the Director, EP&M for conclusion of the Rate Contract. The Director may approve the recommended rate of the Cost Committee.

5) What is the procedure for Issue of Willingness Letter to the MSEs and time period of submission of Willingness?

The price so approved by the Director shall be communicated to the Micro and Small Enterprises and shall be asked to give his consent within 15 days of the issuing of the Willingness Notice. The rate contract will be concluded with the willing MSEs.

6) What is the procedure for Issue of Rate Contract Circulars?

After receipt of the willingness letter from the MSEs, the rate contract circular shall be issued in favour of the willing MSEs. The period of rate contract shall be normally for a period of one year from the date of notification and shall be deemed to be valid subsequently for another one year or till the finalization of next rate contract, whichever is earlier.

7) What is the procedure for Revision of Rate Contract Rate?

- The Director shall have the power to enhance or reduce the price of a item / services if during the period of the contract, the cost of manufacture of the store item / service has undergone substantial change on account of change in the price of raw material or other components of manufacturing / servicing.
- It shall be the duty of the contractor to intimate the Director about changes in the prices of raw materials and other components of servicing / manufacturing during the period of contract which might result in change in the final price in either direction.
- The Director shall take necessary action for revision of rate when minimum 30% of the rate contract holders intimate the Director about the changes in the price of the raw materials and other components supported with purchase vouchers and their fresh offer price.

8) What is the procedure to obtain Parallel Rate Contract?

- The Micro & Small Enterprises registered with the Directorate after issue of the original rate contract may be allowed parallel rate contract for the services / items at the contractual price for the unexpired period of the existing rate contract.
- Any MSE which does not participate in the offer despite having valid EP&M Registration shall not be eligible for the Parallel Rate Contract during the validity period of the said Rate Contract. In case of genuine problems disabling the participation of the MSE in the offer, the Director may ~~be~~ considered to allow Parallel Rate Contract on receipt of appeal from the concerned MSE.
- Application of Parallel Rate Contract shall be submitted in prescribed form with regard documents and application fees of Rs.1500/- (Rupees one thousand five hundred).