

**KSEB****KERALA STATE ELECTRICITY BOARD LIMITED**

(Incorporated Under the Companies Act, 1956 (No.1/1956))

Corporate Identity No.U40100KL2011SGCO27424

Registered Office: Vidyuthi Bhavanam, Pattom, Thiruvananthapuram-695004, India,

Ph:+91-471-2446853, Fax:+91-471-2447246, E-mail: [cescm@kseb.in](mailto:cescm@kseb.in), website: [www.kseb.in](http://www.kseb.in)**Abstract**

Extending the benefit of public procurement policy for self reliance – announced by Government of India – to the MSMEs and PSUs in the State – Adopting the Order issued by Government of Kerala – Orders issued.

**Corporate Office (Supply Chain Management)**

B.O.[FTD] No.640/2020 (SCM/TA/GI./2020-21) Dated, Thiruvananthapuram 16/10/2020

- Read:- 1) GO (Rt) No.174/2017/PD dated 10/05/2017  
2) B.O.(DB)No.1544/2017 (SCM/PSU/17-18) dated Thiruvananthapuram 16/06/2017.  
3) G.O.(Rt)No.5382/2020/Fin. Dated Thiruvananthapuram, 18/09/2020.  
4) Note No. SCM/TA/GI./2020-21/3541 dated 07/10/2020 of the Deputy Chief Engineer (SCM) – in charge submitted to the Full Time Directors (Agenda Item No.33/10/20).

**ORDER**

As per G.O read 3 above, it is mentioned as follows.

*As per the Government Order G.O.(P)No.546/2013/Fin dated 07/11/2013, Government of Kerala extended the benefits of Public Procurement Policy for Micro and Small Enterprises registered in Kerala based on Government of India guidelines. As per Order No.P-45021/2/2017-PP(BE II) dated 04/06/2020 from the Ministry of Commerce and Industry, Government of India has issued revised Public Procurement order for encouraging 'Make in India' and promote manufacturing and production of goods and services in India with a view to enhancing income and employment and to boost self-reliance.*

*Considering the new Guidelines of Government of India and the incentives announced for local manufacturers in other States, it is essential that a new preferential policy for procurement from local MSMEs and State PSUs is implemented for reviving them in the current difficult economic situation arising from the Covid-19 pandemic.*

*The new policy for the State will consist of the following Price and Purchase Preferences to products procured from local MSMEs/ State PSUs and shall come into force superseding all previous orders issued on procurement from MSMEs within the State.*

- (a) **Price Preference:-** All State PSUs & Local MSMEs in the state shall get a Price Preference upto 15% in all procurement of State Government Departments, Organizations, Local Self Government Institutions and Public Undertakings. This means that wherever State PSUs/ local MSMEs quote a rate which is within a 15% price range of the L1 bidder, the State PSU/ local MSME, either singly or jointly, as the case may be, would be entitled to get up to 50% of the order quantity at the lowest rate quoted among them. If there are multiple State PSU/ local MSME vendors in this category, they will be given equal proportions of this 50% order.
- (b) **Purchase Preference:-** In any tender, if no local participating State PSUs & local MSMEs quotes within the price band of L1+15%, they shall still be entitled to an opportunity to supply up to 50% of the total order by bringing down their price to L1 price. In such a scenario, the State PSU and local MSME, accepting such an invite, either singly or jointly, as the case may be, shall be allowed to supply up to 50% of the order quantity, if there is only one such bidder; or in equal proportions out of the 50%, if there are multiple bidders in this category.

In this regard the Deputy Chief Engineer (SCM) in charge as per note 4 above has pointed out the following.

- 1) KSEBL is working as a corporate entity on commercial principles as per the provisions of Electricity Act 2003 under the Regulatory environment. In Regulatory environment, performance of KSEBL is being scrutinized at every level and KSEBL finds it difficult to even recover the entire cost through tariff from its consumers. Hence KSEBL is not in a position to bear any additional burden due to price preference, it will further deteriorate the already strained financial position of the Company. Also noted that KSEBL is a PSU having limited budgetary support from Government of Kerala. Price preference may be considered if Government offer/ensure budgetary support to compensate losses sustained on account of higher rate. Also vide Government Order read 1 above, it was directed that KSEBL will extend 35% purchase preference to the State PSUs and shall extend a price preference of upto 15% to the state PSUs over and above the discovered L1 price, in respect of procurement towards the KSEBL schemes assisted by the Government of India (GOI), price will be subjected to the guidelines stipulated by GOI. This price preference proposed to State PSUs will be subject to the approval of the KSERC, which has already been taken up with KSERC, but a decision is yet to come.

The Board of Directors meeting held on 30/05/2017 resolved to adopt the G.O. read 1 above in the company and to seek the approval of Kerala State Electricity Regulatory Commission (KSERC) wherever necessary. A decision in this regard has not been received from KSERC till date.

- II) At present, the following concessions are being extended to State PSUs/ MSMEs from KSEBL.
- 1) The PSUs in Kerala are exempted from remitting EMD while participating in tender for supply of materials.
  - 2) The PSUs in Kerala (TELK, TRACO, KEL, SILK, UEI) with positive Networth are allowed to furnish the Bank Guarantee for Security Deposit and the Performance Bank Guarantee in the form of Corporate Guarantee.
  - 3) The PSUs in Kerala are allowed 10% Purchase Preference.
  - 4) The MSMEs with Udyog Adhar Registration are exempted from furnishing EMD & bid submission fee.
- III) The G.O.(Rt)No.5382/2020/Fin. Dated Thiruvananthapuram, 18/09/2020 has been issued considering the new guidelines of Government of India vide order no.P-4502/2/2017-PP(BE II) dated 04/06/2020. No Price preference is ordered in the Government of India Order. As per Clause 3A of this order, it is ordered to issue purchase preference to local suppliers subject to matching the L1 price.
- IV) As per Clause-7 of GOI order, the margin of purchase preference and the procedure for preference to Make in India shall be specified in the notice inviting tenders or other form of procurement solicitation and shall not be varied during a particular procurement transaction.

Also it is specified as Clause-20 of GOI order that this order shall not apply to any tender or procurement for which notice inviting tender or other form of procurement solicitation has been issued before the issue of this order.

**Based on the above 2 Clauses, purchase/ price preference as per new order dated 18/09/2020 can not be made applicable to the existing tender.**

Without proper advance budgetary support from Government, KSEBL cannot sustain, giving such preferences.

Hence the Deputy Chief Engineer (SCM) in charge recommended that KSERC approval would be appropriate prior to the adoption of Government Order.

The matter was placed before Full Time Directors as per note read as 4<sup>th</sup> above.

Having examined the matter in detail the Full Time Directors in the meeting held on 09/10/2020 resolved to adopt the G.O.(Rt)No.5382/2020/Fin. Dated Thiruvananthapuram, 18/09/2020 with a condition that, price preference would be given only after concurrence obtained from KSERC.

Further resolved to authorize Deputy Chief Engineer (Commercial & Planning) with Full Powers of Chief Engineer to obtain concurrence from KSERC for the above.

Orders are issued accordingly.

**BY ORDER OF THE FULL TIME DIRECTORS**

Sd/-

(Lekha.G)

**Company Secretary (in charge)**

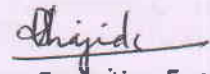
To

The Deputy Chief Engineer (SCM) – in charge

Copy to:-

- 1) All Chief Engineers.
- 2) The Legal Advisor & Disciplinary Enquiry Officer.
- 3) The Deputy Chief Engineer (IT), KSEB Limited.
- 4) TA to Chairman & Managing Director/ Director (Distribution, HRM & IT)/ Director (G-E & SCM)/ Director (Transmission & System Operation)/ Director (Generation-Civil)/ Director (Planning, Safety & REES)
- 5) PA to Director (Finance)/Senior C.A. to Secretary (Administration)
- 6) The Fair Copy Superintendent, Board Secretariat
- 7) The Library, KSEB Limited/Stock file.

Forwarded/ By Order



Assistant Executive Engineer

DC Finance