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Rajasthan Urban Infrastructure Development Project

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F3 (106) (32)/RUSDIP/PMU/CMS/2007/16565-69

Dated: 12.12.2008

1. Executive Engineer, IPIU, RUSDIP.....
2. Team Leader/ Dy. Team Leader, DSC - I, Bharatpur/DSC - II,-Nagaur/DSC III, Jhalawar

Sub: Construction Management System: Circular – 22

Ref: Guidelines for issuing Essentiality Certificates under GOI Notification No. 108/95 & 84/97 for availing Excise/ custom duty exemptions under different packages of RUSDIP.

There is a provision of issuing Essentiality Certificate for exemption of excise and custom duty on materials procured under the RUSDIP financed by ADB. Following Guidelines must be kept in mind for issuing of Essentiality Certificates under GOI Notification No. 108/95 & 84/97 for availing Excise/ custom duty exemptions under different packages of RUSDIP:-

A. General:

- (i) The Sub-Clause no. 14.5 of Sec-II; Bidding Data Sheet, clearly stipulates that admissibility of any kind of Tax or Duty shall be for the Plant and Materials which are to be incorporated as a part of the Permanent Works only. The responsibility for obtaining any such exemptions from Competent Authority will remain with the Contractor and the RUIDP shall not in any way be responsible for admissibility of the claims or eligibility of the Contractor. Excise or custom duty exemption shall not be admissible for POL, Construction equipment etc. which do not form the part of permanent works.
- (ii) The Contractor should be made aware of about the provision of excise/custom duty exemption benefit at the time of LOA and to make necessary arrangements for identification of vendors, requirement of material in phased manner. As far as possible, EC should be applied immediately with in two weeks after issuing NTP.
- (iii) There is a cumbersome procedure of finalization and settlement of accounts of utilization of Essentiality Certificates. Accordingly, the Contractor may be advised for submission of minimum number of items with major benefits for the issue of EC's. Applying for EC for the BOQ quantities for which minor excise benefit are assessed are likely to invite problems at the time of finalization of accounts of the Contract.
- (iv) The concerned IPIU and package in-charge should have a regular track on the utilization of EC's and materials received and utilized at work. The Accounts personnel of IPIU should maintain a proper register of the issue of EC's to the Contractor and should get signatures of the Contractor for its receipt before handing over.
- (v) As per the guide lines issued by the Finance department vide circular no. f.1(8).D/Exp-III/2007 Dated 10.10.2007 (Copy enclosed); the ECs should be applied, keeping in mind the expected time of using the material on the work which should not be long period to avoid its misuse. Therefore the large quantities of materials should be break up for their utilization within six to nine

months as per the work plan submitted by the contractor and accordingly ECs should be proposed for the part quantities and suitable validity time period.

- (vi) It is advisable that for large quantities of materials for which more than one vendor is approved, ECs for part quantities with different vendors should be applied to assure the continuous supply of the materials e.g. cement, steel, pipes etc. so that to avoid any vendor change in between.
- (vii) The Contractor should be directed to keep the EC's in safe custody and ensure that after availing excise benefit, the quantity of material received against the particular EC is endorsed by the vendor or excise authority on the back of the original EC. This original EC, duly endorsed should be submitted back to the concerned IPIU for settlement of accounts and to issue further EC for remaining quantities if any left for procurement. Complete utilized EC should be submitted by the Contractor in writing to the IPIU, which in turn will make entry in to the issue register.
- (viii) A brief of status of package along with stipulated date of start and completion, likely date of completion and justification for item proposed in Essentiality Certificate should be sent to PMU for the new proposed Essentiality Certificate or for revalidation of earlier issued EC, as the same is required to be submitted to Finance Department. In case of more than normal time is required for procurement of the equipment/material than it should be specifically mentioned during submission of EC to PMU.
- (ix) It should be clearly understood that the time delay claimed in want of availability of EC or its benefit will not become reason for consideration of delay on the part of RUIDP or any financial liability to the RUIDP. Accordingly it is presumed that every care at the level of Contractor in submission of the proposal for issue of EC and its utilization is ensured timely and it is facilitated by IPIU & PMU in further submissions and approvals.

B. Issuance of New Essentiality Certificate:

- (i) Quantities of material for which Essentiality Certificate is required to be issued should be calculated as per relevant BOQ items of the Contract Package. The quantities of materials should be analyzed in accordance to the specifications & requirements at site irrespective of BOQ quantities well in advance so that the items and quantities, for which Essentiality Certificates have been applied, should be utilized fully. Every item mentioned in Essentiality Certificate should have size wise quantities with specifications, name of Vendor/Manufacturer (If specified in Contract Agreement/approved at competent level), Country origin in case of import, etc. e.g.

S No	Material with specification	Qty.	Manufacturer	Country Origin
1	TMT Bars as per IS 1786 (Fe 415)		Rastriya Ispat Nigam Ltd. (RINL), Vishakapatnam Steel Plant Vishakapatnam	India
(i)	8 mm dia	110 MT		
(ii)		72 MT		
(iii)	12 mm dia	100 MT		
2	Level Transmitter (Ultrasonic), Model No.FDU80-RN1A -FMU860- R1A1A1, Tag no. LS-401-404	4 Nos	Endress & Hauser	Germany

- (ii) Essentiality Certificate should be submitted in prescribed format (Annex-A), referring relevant Clause no. of the Contract Agreement pertaining to condition of giving Essentiality Certificate for claiming excise/custom duty exemption and validity period duly signed (with official rubber stamp) by EE, IPIU for signature

of Project Director and counter signature of Secretary Finance (Revenue). For one Vendor item having one or more or partly BOQ items/quantity; single EC will be sufficient. For separate Vendor items having one or more or partly BOQ items/quantity separate ECs will be required.

- (iii) An undertaking should be taken from the Contractor/Duly authorized signatory of the firm on Rs. 100/- stamp Paper (Annex-B) at the time of applying for the Essentiality Certificate/ Custom Certificate declaring that exemption of Excise duty is required for the entire estimated quantity of BOQ. If after completion of the work, some material remained un-utilized; the exemption of Excise duty claimed will be settled by the firm with the Excise/Customs department, by paying the Excise/Customs duty on the surplus/unutilized materials. In case the cost of un-utilized material has been paid by RUIDP to the firm; the cost paid for un-utilized quantity will also be immediately deposited back. Further, RUIDP shall deduct any such claims from any/ all payments due to the firm or adjust from any available deposits of the firm.

C. Issuance of Essentiality Certificate for Balance / Additional Quantities:

- (i) Actual requirement of material at site for which Essentiality Certificate needed to be issued should be assessed well in advance. If there is variation then the same be got approved at competent level and after that Essentiality certificate should be sent to PMU for signature of Project Director and counter signature of Secretary Finance (Revenue).

Following details should be submitted along with such Essentiality certificates.

BOQ Details		Details of EC issued		Details of EC Now Proposed		
Item	Quantity as per BOQ	EC / Dt	Quantity	Balance Quantity	Addl. Quantity as per approved	Total Quantity for which EC is proposed

- (ii) Validity period of certificate mentioned in EC should be in such manner that the Contractor may get sufficient time for procurement of material after issuance of EC and it may not be needed to revalidate the same, as it takes considerable time in further processing.

D. Non-procurement of Material within Validity Period & Revalidation of EC:

- (i) Essentiality Certificates which are to be revalidated should be sent in original to PMU after mentioning the matter enclosed at 'Annex-C' on the original Essentiality Certificate itself clearly mentioning the balance items/ quantities to be procured and duly signed by EE, IPIU.
- (ii) In case of revalidation necessary undertaking from the Contractor/Duly authorized signatory of the firm on Rs. 100/- stamp Paper (Annex-D) should also be taken that they have not used the Essentiality Certificate or its certified copy elsewhere for getting exemption of Excise/ Custom duty and shall be responsible himself for it. It should be sent along with Essentiality Certificate to be revalidated to PMU.
- (iii) EE IPIUs are directed to regularly (at-least fortnightly) & critically monitor the procurement of material with in time schedule; as it may lead to non-utilization of issued Essentiality Certificates by the Contractor within their validity period and IPIUs submit them again to PMU for revalidation. EE IPIUs are directed to critically examine such cases and ask the Contractors to get the material

procured within validity period of EC as every revalidation process takes about two to four weeks time after receipt in PMU and contractor will quote it as departmental delays for time extension, which will not be acceptable.

E. Utilization Certificate by Contractor:

For the completed works the Contractors should be asked to submit Utilization Certificate of material actually used on the work as the excise/ custom benefit was to be taken only for the material which is actually used on our work. If any surplus material is remained at the time of completion of the package then Contractor should settle the matter with Excise/ Custom Department by paying excise/ custom on surplus material at the earliest. In such cases Contractor should intimate RUIDP that excise/ custom duty has been paid/ settled with Excise/ Custom Department for the surplus material. An undertaking from the Contractor/ Duly authorized signatory of the firm on Rs. 100/- stamp Paper (Annex-E) should be taken from Contractor in this regard and should be submitted after verification by EE, IPIU (concerned) to PMU [(with copy's to APO sector in-charge & Bids-II)]. It should be noted that these accounts are compulsorily settled before making the payment of final bill.

Copy of this circular should be circulated to all members of IPIU & DSCs.

Encl. As above


(Karni Singh Rathore)
Project Director

F3 (100)/RUIDP/PMU/CMS/2002/

Date: .12. 2008

Copy to the following for information and necessary action:

1. Addl. Project Director I/ II, FA, RUIDP, Dy. PD (T)/ SE (WW & WS)/ Dy. PD (Adm.)/ All POs /Sr. AO / All APOs / AO / AAO/ PA to PD, PMU, RUIDP, Jaipur
2. Team Leader IPMC, RUSDIP, Jaipur.
3. ACP to send through e-mail.


Dy. Project Director (T)

No. RUIDP/RUSDIP-1/PMU/ESS-CERT/

Dated

CERTIFICATE UNDER NOTIFICATION NO. 108/95

We have placed an order on *M/s. Offshore Infrastructure Ltd., 22, Udyog Kshetra, Mulund Link Road, Mulund (W), Mumbai-400080, India. Tel No. 91-22-66721000, Fax No. 91-22-25693885* for the work of package No. *RUSDIP/TR-01/JSL/DR-01* for *Construction of New drains & minor bridges in Jaisalmer* amounting to *Rs. 5,34,38,135.61* vide Notice to Proceed no. *F/Works/DR-01/IPIU/RUSDIP/JSL/2008/19-37 Dated 08.07.2008*.

It is certified that *M/s. Offshore Infrastructure Ltd., 22, Udyog Kshetra, Mulund Link Road, Mulund (W), Mumbai-400080, India. Tel No. 91-22-66721000, Fax No. 91-22-25693885* requires to purchase following material which will be incorporated into and form a part of the Permanent Works to be constructed under above Contract package no *RUSDIP/TR-01/JSL/DR-01* under Rajasthan Urban Sector Development Investment program (RUSDIP).

S. No.	Material Description	Unit	Qty	Name of Manufacturer / Vendor
1	<i>Cement (PPC) confirming to IS: 1489</i>	<i>Bag (50Kg)</i>	<i>30000 Bags</i>	<i>Binani Cement Limited, Pindwara, Sirohi</i>

We hereby certify that the above material is required for use of Rajasthan Urban Sector Development Investment Program (RUSDIP) *Project-1* being executed by Local Self Government Department of Rajasthan through Rajasthan Urban Infrastructure Development Project (RUIDP). We further certify that this project Rajasthan Urban Sector Development Investment Program (RUSDIP) *Project-1* is being financed by Asian Development Bank through loan No *2366-IND* duly approved by Government of India for Urban Infrastructure Development of fifteen urban towns of the State of Rajasthan.

We also certify that the condition of giving essentiality certificate for claiming Excise Duty Exemption exists at Clause No 14.5 Section -II of the Contract Agreement for above Package with this organization.

This certificate is being issued in pursuance of the requirement under Government of India (Ministry of Finance, Department of Revenue) Notification No108/95 dated 28-8-1995 as amended up to date. Under the Notification No. 13/2008-Cenral Excise dated 01-03-2008, it is to certify that the benefit is available to goods brought into the projects is not withdrawn by the supplier or the contractor and further the work of the project is not withdrawn by the contractor or supplier. The goods are required for the execution of the project and goods are not bought for temporary use in the project. Excise Duty Exemption may be allowed against above referred material.

The validity of this Certificate is up to

(*Name of EE*)
Executive Engineer
IPIU, RUSDIP

(Karni Singh Rathore, IAS)
Project Director,
RUIDP, Jaipur

Counter -signed
(*Rajat Kumar Mishra, IAS*)
Secretary, Finance (Revenue)

[To be typed on Rs. 100/- non-judicial stamp paper]

DECLARATION

Name of Work:

Notice to Proceed:

Stipulated date of completion:

It is declared that exemption of Excise duty is required for the entire estimated quantity of BOQ. If after completion of the work, some material remained un-utilized; the exemption of Excise duty claimed will be settled by the firm with the Excise/Customs department, by paying the Excise/Customs duty on the surplus/unutilized materials.

In case the cost of un-utilized material has been paid by RUIDP to the firm; the cost paid for un-utilized quantity will also be immediately deposited back. Further, RUIDP shall deduct any such claims from any/ all payments due to the firm or adjust from any available deposits of the firm.

Authorized Signatory (Attested by Notary Public)
Name of Firm with Seal

Government of Rajasthan

No./RUIDP/PMU/ESS-CERT/01-R1

Date:

The contract completion period of Contract Package no..... has been provisionally extended upto by E.E.-IPIU, vide his letter no.....dt..... Therefore, this Essentiality Certificate no. 01 dt. issued under notification no. 108/95, which was valid upto is hereby revalidated upto

(*Name of EE*)
Executive Engineer
IPIU, RUSDIP

(Karni Singh Rathore, IAS)
Project Director,
RUIDP, Jaipur

Counter -signed
(Rajat Kumar Mishra, IAS)
Secretary, Finance (Revenue)

[To be typed on Rs. 100/- non-judicial stamp paper]

UNDERTAKING

Name of Work:

Notice to Proceed:

I, the undersigned [...Name of Authorized Signatory with address...] do hereby solemnly affirm and declare that against Essentiality Certificate bearing no. RUIDP/RUSDIP- /PMU/ESS-CERT/ 01 dated , RUIDP/RUSDIP- /PMU/ESS-CERT/ 02 dated and RUIDP/RUSDIP- /PMU/ESS-CERT/ 03 dated issued by RUSDIP in favour of M/s ...[Name of Firm]....., the firm is yet to avail excise duty exemption against the following items for which extension is sought up to dated.....

S.No.	Item Description	Unit	Quantity
A. 1.	RUIDP/RUSDIP- /PMU/ESS-CERT/01 Dt. Ordinary Portland Cement (OPC) confirming to IS: 269-1976	Bag (50Kg)	4000 Bags
B. 1.	RUIDP/RUSDIP- /PMU/ESS-CERT/02 Dt..... TMT bars reinforcement (Grade Fe415 confirming to IS: 1786)	Tonne	23.12 Tonne

I am making this undertaking based on information and records available to me and conscientiously believing, the same to be true.

Authorized Signatory(Attested by Notary Public)

Name of Firm with Seal

Annexure “E”

[To be typed on Rs. 100/- non-judicial stamp paper and will be submitted before final settlement of Bill after completion of work]

UNDERTAKING

Name of Work:

Notice to Proceed:

I, the undersigned [...Name of Authorized Signatory with address...] working as[...Post.....]in M/s ...[Name of Firm]..... do hereby solemnly affirm and declare :

1. that the following ECs (1) RUIDP/RUSDIP- /PMU/ESS-CERT/02 dated.....(2) RUIDP/RUSDIP- /PMU/ESS-CERT/ 03 dated.....(3) RUIDP/RUSDIP- /PMU/ESS-CERT/ 07dated..... (4) was issued by RUSDIP in favour of the firm M/s ...[Name of Firm].....for the package [Name of the Package].....

2. that out of the above ECs the firm have purchased following quantities of excise exempted material and consumed the same on the package..... [Name of the Package].....

TABLE -1 : Total material procured against ECs in the Package

S.No.	Item name	EC no. & Date	Issued Quantity	Purchased Quantity	Utilized Quantity	Balance un-procured Qty (7)= (4)-(5)	Balance procured unutilized quantity (8)=(5)-(6)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

3. that the firm have not purchased/procured the balance quantities/ as mentioned in column no. 7 of the above/enclosed table -1.

4. that the firm have purchased the quantities mentioned in column no. 5 of the above/enclosed table -1and utilized them 100% on the work.

Or

that the firm has purchased following quantities of material (as at column 5 table 1 above) out of which the surplus/ un-utilized material is as per column 8 of table -1. The item wise details of settlement of deposition of excise duties against the surplus/ unutilized quantities are as per Table – 2 below/ enclosed.

TABLE -2

S.No.	Item name	EC no. & Date	Quantity as per EC	Procured Quantity against EC	Un-utilized Qty	Excise duty to be deposited (against Qty of Column 6)	Payment due with the Excise Department	Remarks/ Details of payment made
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

5. that the firm has paid/ settled with Excise/ Custom Department by paying excise/ custom duty for the surplus material/ un-utilized material. The proof of payment made to the Excise/ Custom Department is enclosed here with for your reference.
6. that RUIDP will be free to withheld sufficient amount till we submit the documentary evidence of settlement with the Excise/ Custom Department.
7. that in spite of the above facts if any liability w.r.t excise/custom duty occurs in future; the firm will be solely responsible for that liability and RUIDP will in no way be responsible.
8. I/We have the valid and legal authority to execute this de-noro undertaking on behalf of the firm which is duly authenticated and enclosed here with.

I am making this undertaking based on information and records available to me and conscientiously believing, the same to be true.

Authorized Signatory (Attested by Notary Public)
Name of Firm with Seal