

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Industries & Commerce Department – Supply of Cement to Government Works – Operational Guidelines on Procurement of Cement and operation of YSR Nirman Portal - Orders - Issued.

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INDUSTRIES & COMMERCE (P&I) DEPARTMENT

G.O.MS.No. 34

Dated: 01-07-2020.

Read:

G.O.Ms No.22 Industries & Commerce(P&I) Department, dt.13.04.2020

ORDER:

1. Introduction

Vide GO MS. No. 22 Industries and Commerce Department dated 13.04.2020 a policy has been promulgated for the procurement of cement through online portal '**YSR Nirman**' with the District Collector as the Single Nodal Agency in each district for all Cement Procurement and Payment.

2. In order to ensure all the statutory compliances like filing of returns, Deduction of TDS and more particularly to ensure flow of Input tax credit to the contractor there is a need for one commercial entity, which owes such a responsibility.
3. Andhra Pradesh Trade Promotion Corporation (APTPC) is designated as such Nodal agency to undertake the procurement and payments of Cement in case of departments engaging the contractors. For this purpose, All the District Collectors shall be the Ex-officio, Executive Directors (ED) of APTPC and all the purchase orders, payments and other statutory reports and compliances will be undertaken through APTPC.
4. APTPC will takeover the operations, maintenance and upkeep of YSR Nirman portal and will start the operations of procurements in case of departments engaging the contractors effective from 01-07-2020. All transactions that are initiated prior to 01-07-2020 viz., purchase orders, confirmation of delivery of stock and quality thereof and payment towards such purchase orders etc., shall be carried out by such departments only. APTPC shall not receive any monies nor pay any monies or shall not be held liable for any of the operations initiated prior to the cut-off date i.e., 01-07-2020.
5. Andhra Pradesh Trade Promotion Corporation Limited (formerly known as Andhra Pradesh State Trading Corporation Limited) was incorporated under Companies Act, 1956 on 5th June, 1970 as State Public Sector Undertaking with a Paid up Capital of Rs. 86.00 Lakhs. The APSTC has undergone transformation in the Year 2007 and it is renamed as A.P. Trade Promotion Corporation (APTPC). The Corporation is provisionally bifurcated w.e.f. 02.06.2014 as per the provision of A.P. Reorganization Act 2014.
6. All the Cement manufacturing companies (hereinafter referred to as vendor) have formed themselves into an association under the name '**Andhra Pradesh Cement Manufacturers Association**' (APCMA). APCMA will allocate demand amongst the cement companies in each of the districts and upload such details in YSR Nirman portal.

(P.T.O)

7. Types of Departments: There are multiple Departments / Corporations under the aegis of State Government who are executing the various works and require cement. Broadly the departments are of the three categories:

- a. Departments/Corporations which are executing the work on their own without deploying any contractors, viz., A.P.Housing Corporation, School Education Department (Naadu-Nedu), Rural development (NREGS Works)
- b. Departments/Corporations which are engaging the services of the contractors but do not have any commercial establishment having GST registration e.g., Roads and Building, Water Resources Department etc.,
- c. Corporations which are commercial establishments themselves having GST registration and were raising GST invoices for other services being rendered by them, eg., AP Housing Corporation.

8. In relation to the departments as mentioned in 7(a) above there is no requirement to pass on any Input tax credit as there are no contractors involved. The indenting departments require cement for their own consumption. Hence there is no requirement of routing the transactions through APTPC.

Hence those departments/corporations which are not engaging any contractor but are executing the works on their own will deal directly with the cement manufacturing companies without interfacing through APTPC. However all the transactions of the above departments will be through YSR Nirman portal only.

9. Therefore in relation to the departments mentioned in para 7(a) above.

- a. these departments will be given access to YSR Nirman portal and all of their transactions shall be routed through YSR Nirman portal only.
- b. State Government may fix Usage charges /Service charges to be paid by these departments for using the YSR Nirman Portal towards the operating and maintenance expenses incurred by APTPC for all the departments.
- c. APTPC will only maintain the YSR Nirman data, generate reports etc., but the responsibility of the orders placed will be directly on such departments and the vendors.
- d. In relation to these departments, District collectors placing the purchase orders will be dealing in their capacity as District collectors only, but not in the capacity as Ex-officio Executive directors of APTPC, as APTPC is not a party to such departmental purchases.
- e. all payments towards cement purchases shall be made directly by such departments and no responsibility of such payments shall lie on APTPC.
- f. Suitable modifications of work flow shall be incorporated in the portal "YSR Nirman".

10. In relation to the departments mentioned in 7(b) and 7(c) above, all the purchases, payments, acceptance / rejection deliveries, release of the withheld amounts and all other transactions, more specifically described in the operational work flow of APTPC hereunder shall be under taken by the single nodal agency viz., ATPPC.

11. APTPC being the single point nodal agency will solely own, operate, maintain and manage, upgrade any changes the online portal '**YSR Nirman Portal**'.

Operational work flow of APTPC is as follows

12. **Demands:** The L1 officer of each of the departments will place the monthly demand in the YSR Nirman portal which will be verified and vetted by the L2 Officers of the respective departments. Such monthly data as verified and confirmed by L2 officers will be submitted to the District Collectors, Ex-officio Executive Directors of APTPC. The District Collectors will approve and communicate the same over the Portal to Cement manufacturers Association for allocating the monthly demand of cement amongst the Cement Manufacturing companies.

13. **Indenting:** The Contractors requiring cement shall raise an indent to the L1 officers of the respective department after remitting the requisite amounts in the form of RTGS to APTPC and attaching proof of payment (UTR) to the L1 Officers. The L1 officers will verify such requirements with the work orders awarded to the contractors and after ensuring the correctness of quantity and payment of monies shall raise such indents in the YSR Nirman along with Scanned copy of the acknowledgment of RTGS along with payment details like UTR no, Date, and the amount in Rupees.

14. In case the contractors or the departments wishes to place the orders in Bulk instead of bags, then suitable provision in the portal and the Vendors shall honour such indents in bulk only. The manner of calculation of payments, taxes will all be the same for bulk indents as in the case of orders in Bags.

15. **Confirmation of the Indents:** APTPC will process all the indents raised by L1 officers and cross check the same with the proceeds received into the designated Bank account for each department and after ensuring that the indents are fully paid for confirm them to the L2 officer. If any Indents are found to be not fully paid (not paid or partially paid), for such indents shall not be confirmed and will be returned back to L1 officer quoting the reasons.

16. Thus, only those indents which are fully paid shall be confirmed. No credit is entertained in supply of cement to any of the contactors under any circumstances.

17. **Clearance by L2 officers:** After confirmation for receipt of monies by the APTPC the Indents will flow to the L2 officers for their processing. Thus L2 officers will have a confirmation that the indents placed are vetted by L1 officers for consistency with work order and by APTPC for receipt of monies. L2 officer will submit them for approval and placement of purchase orders by the District collector, Ex-officio ED of APTPC.

18. **Placement of Purchase order:** The District Collector & Ex-officio Executive Director of APTPC will approve and place the Purchase Orders (PO) on the concerned vendor for all such indents from the departments.

- 19.** As has been agreed with the Cement Manufacturing Association (CMA) with other stake holders, the Purchase orders shall be placed for a minimum of 27 tonnes and upto two delivery points. In case the requirement of any specific contractor is less than that then the L1 officer may group the requirements of multiple works into one batch indent in such a way that each of the purchase order is in minimum of 27 tonnes. Though the indent is consolidated the identity of requirements of each of the works shall be maintained in the portal to enable APTPC raise individual sale invoices against those works.
- 20. Denial/cancellation/Withdrawal of Purchase orders:** The purchase orders once placed shall be binding on both the cement manufacturers, APTPC and in turn on the Contractors. If the cement manufacturing companies are not able to deliver the quantities and wish to deny the PO, then they may do so within a maximum time period of 7 days (168 hours) from the time of purchase order and beyond such time there will be no facility to withdraw such order under any circumstances. The vendors denying the PO's shall intimate the reason for doing so and the number of denials made by each of the vendor will be considered for their performance evaluation and APTPC reserve the right not to place orders on the Vendors who had a track of frequent denials/rejections. In case any PO is denied by the Cement Manufacturers then the monies will be returned back by APTPC to the respective contractors in full.
- 21.** The APTPC may also withdraw / cancel the purchase order within a maximum period of 7 days (168 hours) from the time of purchase order, provided the vendors have not initiated the despatch of stocks by that time. In case the details of despatch of the stock are entered in the YSR Nirman portal, then the PO cannot be withdrawn.
- 22.** In case the POs are withdrawn, the monies will be returned back to the contractors subject to cancellation charges as decided by APTPC.
- 23. Despatch of stocks:** APTPC will clearly indicate for each of the Purchase Order, the name of the contractor or the department to whom the cement shall be delivered, the postal address of the site for which the way-bill shall be drawn and also the name of the Department / Scheme under which the procurement is being made in accordance with the G.O.Ms no22.
- 24.** The Cement companies shall dispatch the goods to the physical location as mentioned in the Purchase Order and shall issue the invoice to the APTPC under the "Bill-to" and "Ship-to" basis and all the invoice will be raised on the name of the APTPC alone.
- 25. Margin to APTPC:** in order to meet the establishment expenses, statutory compliances, technical maintenance of the portal and any other contingences a mark-up of 0.5% of the procurement value **(inclusive of GST) is being awarded to APTPC as their service charges mark-up. APTPC can thus bill the cement @ additional 0.5% to the contractor.**
- 26.** With relation to the transaction undertaken directly by State Government departments as mentioned in point 7(a), APTPC will not raise any purchase order or sale invoice hence the question of mark-up does not arise. The usage /services charges/ payable to APTPC for usage of YSN Nirman portal by the such departments, as may be notified by State Government, will be payable to APTPC and APTPC will raise a service invoice (along with applicable GST) on such department

27. Manner of remittance of funds: APTPC will receive 100% of the funds from the contractors in the form of RTGS and only upon receipt of such fund the Purchase order will be raised.

- a. APTPC will remit 98% of the value of the actual quantity of cement received at site and the balance 2% will be released upon getting the confirmation from the concerned department as to the quality of the same.
- b. The L1 officer shall mention the details of actual quantity of the cement received, shortages or damages, if any, in the Portal for each invoice.
- c. The L1 officers and the contractors shall initiate the process of verification of quality of cement within a maximum period of 10 days from the date of delivery of Cement at site and shall conclude the process of verification within 45 days from the date of delivery.
- d. In case any deficiencies are found with regard to quality of the stocks delivered, such deficiencies shall be marked by the L1 officer in the portal within the said period of 45 days.
- e. Based on such deficiencies raised by L1 officer, APTPC will adjust the amounts from the withheld portion of 2 % and will remit the same to the contractors at the end of the calendar-quarter. In case the withheld amounts are not sufficient then APTPC will have a right to adjust the same in the next purchase orders or will recover the same as if the amount were due from the vendors
- f. If no objections are raised by the L1 officers within a period of 45 days from the date of receipt of stock at site, it shall be deemed that the delivered cement is consistent with the purchase orders in terms of quality and the withheld amount of 2% shall be released by APTPC to the Vendors.
- g. APTPC will withhold 2% of GST as GST TDS U/s 51 of SGST Act and will remit the balance to the vendors. This 2% GST TDS withhold will be deposited in the name of the vendors and transmitted through the filing of GSTR 7 on monthly basis as prescribed under the GST ACT.
- h. A detailed worked example is hereby provided for ease of understanding.

8. Detailed worked example:

Collection from Contractors / RTGS Amount

| | Total | GST TDS Remitable Amount |
|---|--------------|---------------------------------|
| Base Value | 176.66 | |
| GST Component | 49.46 | |
| | <hr/> | |
| | 226.13 | |
| GST payable in Cash | <hr/> | |
| (Outward tax - Input Tax) | 0.25 | |
| Net Margin left to APTPC per bag | 0.88 | 0.50% |
| Gross margin to APTPC | 1.12 | |

Procurement Value/ Remittance to Vendors

| | Total | GST | TDS Remitable Amount |
|--|--------------|------------|-----------------------------|
| Base Value | 175.78 | | 175.78 |
| GST Component | 49.22 | 3.52 | 45.70 |
| | <hr/> | | <hr/> |
| | 225.00 | | 221.48 |
| | <hr/> | | <hr/> |
| Remittance of 98% on actual despatch | | | 217.05 |
| Remittance of 2% on confirmation of quantity and quality | | | 4.43 |

28. APTPC shall ensure that

- a. The invoices raised by the Cement manufacturers are in sync with the way bill raised by them.
- b. That all invoices raised by the cement manufacturers are properly reflected in their GSTR 1 returns and thus are appearing in the GSTR 2A of APTPC.
- c. That the actual quantity and quality of cement is received at Site and the quality and quantity is confirmed by both the department and the contractor.
- d. In case any of the Vendors (cement companies) fail in uploading their invoices in GST portal, the ITC (input tax credit) of APTPC will be adversely hit. In such a case, the name of such cement manufacturer will be black-listed and will be intimated to CMA and no further orders are placed to such a company. Proceedings shall be initiated against the vendors for recovery of loss of ITC.

29. Staffing and Statutory compliances: APTPC is responsible to meet all the statutory compliances, filing of returns, withholding of taxes, attending the assessment proceedings by the concerned departments etc., The statutory compliances to be ensured includes, but not limited to the following.

- A. Filing of GSTR 1 on monthly
- B. Filing of GSTR 3B on monthly basis.
- C. Filing of GSTR 7 u/s 51 for TDS to be made on payment to Cement Companies.
- D. Filing of Annual returns under GSTR (GSTR 9 and 9C)
- E. Ensuring the volume, value and direction of Way bills drawn by the cement Companies.
- F. Ensuring TDS under income tax act for all contractual and employee related payments.
- G. Ensuring compliance with Advance taxes.
- H. Ensuring filing of Annual returns under Income Tax and tax audit under Income Tax act.
- I. Returns under the companies Act.

30. APTPC shall maintain detailed accounting data and shall reconcile on a regular basis with Vendors, Departments/Corporations, and Contractors. It shall ensure that the data is in sync with the portal YSR Nirman at all times. It shall procure or upscale the accounting system to a robust level to handle the volume, layers, cost centres and other dimensions of data in a professional and transparent manner.

31. APTPC shall employ suitable Man-power to undertake the above activities. Preferably it shall designate contact person for each department/multiple departments to liaise with them and to provide any required information to such department. Depending on the volume of data each person can be assigned two or three departments. It may engage the services assistance of professional Consultant/Consultancy Organization to meet the technical requirement and compliances under various statutes.

An indicative staffing pattern is providing below.

| Sl | Particulars | No of Staff |
|-----------|---|---|
| 1) | GM Level | 1 |
| 2) | DGM Level | 2 |
| 3) | Accountants | 6 Members |
| 4) | Statutory and Tax Compliances | 1 Lead CA assisted by two staff Members |
| 5) | Technical Team for upkeep of the Portal | 4 members |

The required staff may be directly employed or outsourced or obtained on deputation from the departments.

32. APTPC shall act only as a pass-through agency. In other words, it shall not place orders on its own without any indent from any departments. It shall not procure, hold, sell any cement as a regular dealer. It shall only act as an intermediary and shall procure the stocks as is indented and shall transfer them immediately to the concern location. It shall ensure that all stocks, their value, related input tax credit are all duly passed on to the respective agencies/contractors.

33. APTPC shall maintain and upgrade the Portal as per the requirements of the stake holders and ensure that the necessary MIS data & reconciliations are generated out of the portal data. APTPC shall conduct trainings/workshops to all the concerned parties on the manner of usage of YSR Nirman from time to time.

Operational work flow of Departmental Procurement

34. As given in the operational guidelines supra, departments which do not engage any contractors may place their purchase orders and may payments directly to the Cement manufacturers (vendor) without routing them through APTPC. The operation work flow in respect of such departments is as under.

35. Demands: The L1 officer of each of the departments will place the monthly demand in the YSR Nirman portal which will be verified and vetted by the L2 Officers of the respective departments. Such monthly data as verified and confirmed by L2 officers will be submitted to the District Collectors. The District Collectors will approve and communicate the same over the Portal to Cement Manufacturers Association for allocating the monthly demand of cement amongst the Cement Manufacturing Companies.

36. Indenting: The L1 officers requiring cement shall raise an indent on the portal duly mentioning the quantity, contact person and address to which the cement shall be delivered. The purchase orders shall be for minimum of 27 tonnes.

37. The departments may place the orders in Bulk instead of bags. The manner of calculation of payments, taxes will be the same for bulk indents as in the case of orders in Bags.

- 38.** Clearance by L2 officers: The L2 officers of the respective department will verify the correctness of the indent in relation to the works /budgets etc., and after due verification L2 officers will submit them for approval and placement of purchase orders by the District collector.
- 39. Placement of Purchase order:** The District Collector will approve and place the Purchase Orders (PO) on the concerned vendor for all such indents from the departments.
- 40.** The Purchase orders shall be placed for a minimum of 27 tonnes, and upto two delivery points. In case the requirement of any specific contractor is less than that then the L1 officer may group the requirements of multiple works into a batch indent in such a way that each of the purchase order is minimum of 27 tonnes.
- 41. Withdrawal of Purchase orders:** The purchase orders once placed will be binding on both the cement manufacturers, and the department. If the cement manufacturing companies are not able to deliver the quantities and wish to withdraw the PO, then they may do so within a maximum time period of 7 days (168 hours) from the time of purchase order and beyond such time there will be no facility to withdraw such order under any circumstances. The vendors denying the PO's shall intimate the reason for doing so and the number of denials made by each of the vendor will be considered for their performance evaluation and the concerned departments reserve the right not to place orders on the Vendors who had a track of frequent denials/rejections.
- 42.** The concerned departments may also withdraw / cancel the purchase order within a maximum period of 7 days (168 hours) from the time of purchase order, provided the vendors have not initiated the despatch of stocks by that time. In case the details of despatch of the stock are entered in the YSR Nirman portal, then the PO cannot be withdrawn.
- 43. Despatch of stocks:** the Purchase Order shall, interalia, indicate the postal address of the site for which the way-bill shall be drawn and also the name of the Department / Scheme under which the procurement is being made in accordance with the G.O.Ms no22.
- 44.** The Cement companies shall dispatch the goods to the physical location as mentioned in the Purchase Order and shall issue the invoice to the concerned departments
- 45.** Though the departments as mentioned in point 7(a) are dealing on their own, all of the transactions are placed through YSR Nirman portal, which is maintained by APTPC. The usage /services charges/ payable to APTPC for usage of YSN Nirman portal by the such departments, as may be notified by State Government, will be payable to APTPC and APTPC will raise a service invoice (along with applicable GST) on such department
- 46. Manner of remittance of funds:** The concerned departments shall pay for the cement manufactures for the value of the cement received by them.
- a. The departments will remit 98% of the value of the actual quantity of cement received at site and the balance 2% will be released upon getting the confirmation of quality.
 - b. The L1 officer shall mention the details of actual quantity of the cement received, shortages or damages, if any, in the Portal for each invoice.

- c. The L1 officers shall initiate the process of verification of quality of cement within a maximum period of 10 days from the date of delivery of Cement at site and shall conclude the process of verification within 45 days from the date of delivery.
- d. In case any deficiencies are found with regard to quality of the stocks delivered, such deficiencies shall be marked by the L1 officer in the portal within the said period of 45 days.
- e. Based on such deficiencies raised by L1 officer, the departments may adjust the amounts payable from the withheld portion of 2 %. In case the withheld amounts are not sufficient then the amounts recoverable from the vendors may be adjusted from the next purchase orders or will recover the same as if the amount were due from the vendors.
- f. If no objections are raised by the L1 officers within a period of 45 days from the date of receipt of stock at site, it shall be deemed that the delivered cement is consistent with the purchase orders in terms of quality and the withheld amount of 2% shall be released by to the Vendors.
- g. Concerned departments will withhold 2% of GST as GST TDS U/s 51 of SGST Act and will remit the balance to the vendors. This 2% GST TDS withhold will be deposited in the name of the vendors and transmitted through the filing of GSTR 7 on monthly basis as prescribed under the GST ACT.

47. Each department shall ensure that all the statutory compliances are complied with by such departments under various statues. More particularly, the departments shall ensure compliance with GST TDS U/s 51 under GST Act.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

R..KARIKAL VALAVEN
SPECIAL CHIEF SECRETARY TO GOVERNMENT & CIP

To
The Director of Industries, Govt. of AP, Vijayawada.
The Managing Director, APTPC .
The Tribal Welfare Department, AP Secretariat, Velagapudi
The Medical & Health Department, AP Secretariat, Velagapudi
The Home Department, AP Secretariat, Velagapudi
The Finance Department, AP Secretariat, Velagapudi.
The Housing Department, AP Secretariat, Velagapudi.
The Transport, Roads & Buildings, AP Secretariat, Velagapudi -4
The Water Resources Department, AP Secretariat, Velagapudi
The Municipal Administration & Urban Development Department.
The School Education Department, AP Secretariat, Velagapudi
The Panchayat Raj & Rural Development Dept/RWS/MGNREGS works.
All the District Collectors.

Copy to:

The CEO, CFMS (for necessary action)
PS to Chief Secretary to Government.
PS to Secretary to Chief Minister.
PS to Special Chief Secretary, Industries & Commerce Department.

// FORWARDED:: BY ORDER//

SECTION OFFICER