

Notification

No. PWD/513/FC-III/2001 Bangalore: Dated: 29th October 2001

Sub: KTPP Act, 1999 and KTPP Rules 2000 Clarifications regarding new amendment of the Act.

Ref: Circular No. PWD 33 FC-III/2001. dt: 21.3.2001

The Government Departments the Public Sector Undertakings, Local Authorities, and Autonomous institutions are aware of the Karnataka Transparency in Public Procurement Act, 1999 which came into effect from 4th October 2000. The Karnataka Transparency in Public Procurement rules, 2000 have been published in the Karnataka Gazette (Part-IV-A) dated: 24.10.2000. The Finance Department has issued certain clarifications vide Circular No. PWD 33 FC-III/2001: dt: 21.3.2001

2. The procurement entities are aware of recent Amendment made to KTPP Act, 1999 called KTPP (Amendment) Act, 2001 vide Notification No ಸಂಖ್ಯೆಶಾಇ 33 ಶಾಸನ 2001 dated: 25.8.2001 Published in Extraordinary Gazette dated: 25.8.2001. By the said amendment Act earlier clause (e) of Section 4 is substituted by new clauses (e) and (ee)

3. The new clause (e) of Section 4 provides that, the Act does not apply,

Where the procurement is made by the Government Departments, State Government Undertakings, or any Board, Body or Corporation established by or under any law and owned or controlled by the Government or Zilla Panchayats City Municipal Corporations or city Municipal Councils or the Hyderabad Karnataka Areas Development Board or Madnad Area Development Board or the Bayaluseeme Development Board.

i) In case of construction works of all types the value of which does not exceed Rupees five lakhs.

ii) In case of the goods and services, other than the construction works, the value of Which does not exceed Rupees one lakh.

4. Further new clause (ee) of Section 4 Provides that the KTPP Act doest not apply

Where the procurement of goods or services in by the Grama Panchayats and Taluk Panchayats Town Municipal Conucils or Town Panchayats or Urban Development Authorities

(i) For the purpose of implementing mini water supply scheme or construction of school rooms and the value of such procurement doest not exceed Rupees two lakhs and

(ii) For Other purposes and the value of such procurement does not exceed Rupees one lakh...

5. After the Amendment of the Act as stated above, several Departments/Agencies have sought the Finance Department's clarifications of the following.

(i) Whether piece work can be taken up within the limit mentioned in Amended Act?

(ii) Whether departmental work can be taken up within the limit mentioned in the Amended Act?

(iii) Whether tender procedures to be followed for procurement within the above limit and whether exemption is allowed only for publication of tender bulletin and other procedures as per KTPP Act?

(iv) The procedures to be followed for the procurement within the limit given in the Amendment i.e. Rupees Five lakhs, Rupees Two lakhs as the case may be.

6. The above points have been examined and following clarifications are issued.

i) Sec 26 of the KTPP Act, 1999 provides as follows:

"All rules regulations orders, notifications departmental codes, order manuals bye laws official Memoranda, Circulars or any other order made or issued before the commencement of this Act and in force on the date or such commencement providing for or relating to any of the above matters for the furtherance of which this Act is enacted shall continue to be in force and effective as if they are made under the corresponding provisions of this Act, to the extent they are not inconsistent with the provisions of the Act and unless and until superceded by anything done or any action taken or any rule, notification or order, is made under this act."

Therefore wherever the KTPP Act does not apply the provisions of already practiced procedure in force before coming in to force of the Act shall continue to be followed. Hence, while taking up construction work up to Rs. 5 lakhs, or Rs.2 lakhs as the case may be, the procedure followed earlier i.e. before the commencement of this Act shall continue to be followed. Piece work is allowed only up to limit of Rs. 1 lakh as specified in PWD code and G.O. No. PWD 1 FCR 93, dt: 15.12.1994 and not beyond it. However for taking up construction works below Rs. 5 lakhs, Rs. 2 lakhs as the case may be and for procurement of goods and services below Rs. 1 lakh normal tender procedure needs to be followed.

(ii) Construction of work up to Rs. 5 lakhs or Rs. 2 lakhs as the case may be taken up if it is allowed in Departments, Psus, Local Authority and if there is no ban order. For Ex: Water Resources Dept. has banned to take up works departmentally.

iii) The Amended Act allows exemption only from following provision of KTPP Act and Rules for following cases.

(1) Construction of works upto Rs. 5 lakhs (For Departments, Psus, Local Authorities and other Agencies mentioned at para 3 above).

(2) For implementing mini water supply scheme or construction of school rooms up to Rs. 2 lakhs (For Local Authorities mentioned at para 4 above).

(3) For procurement of goods and services up to Rs. 1 lakh (For Government Departments, Psus, Local Authorities and also other institutions mentioned at para 3&4 above) As per this, Government Department and other institutions mentioned can purchase materials only up to Rs. 1 lakh without following procedures of KTPP Act/Rules.

A comparative chart showing provision existed under Section 4(e) of KTPP Act, 1999 and provision existing under Section 4(e) and 4(ee) of KTPP (Amndt) Act, 2001 is enclosed.

In the above cases Government Departments, PSUs, Local Authorities and other organisations as mentioned above shall follow all required normal tender/purchase procedures which were followed prior to commencement of the KTPP Act, but only the exemption is given from following the provisions of KTPP Act/Rules.

(iii) In all the cases referred to above [1,2 and 3 of (iii)] only the provision of KTPP Act/Rules doest not apply, but normal departmental rules, regulations, codal provision and normal tender procedure which were followed prior to commencement of KTPP Act/Rules have to be followed.

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Comparative chart regarding provisions that was existed under Section 4(e) of KTPP Act, 1999 and provision as existing under Section 4(e) and 4(ee) of KTPP (Amendment) Act, 2001.

Procurement entities	Provisions existed under Section 4(2) of KTPP Act 1999		Provision existing under Section 4(e) and 4(ee) of KTPP (Amendment) Act, 2000	
	Civil Construction works	Procurement of goods	Civil Construction works	Procurement of goods
Govt. Departments	Up to Rs.5.00 lakhs	Upto Rs. 15.00 lakhs	Upto Rs. 5.00 lakhs	Upto Rs. 1.00 lakh
State PSUS, Boards Corporation	Nil	Nil	Upto Rs. 5.00 lakhs	upto Rs. 1.00 lakhs
Zilla Panchayats	Upto Rs.2.00 lakhs (for Mini Water supply scheme & school buildings) Upto Rs.1.00 lakh (for other works)	Upto Rs.1.00 lakhs	Upto Rs. 5.00 lakh	Upto Rs. 1.00 lakh
City Municipal Corporations				
City Municipal Councils, HKDB				
MADB, BSDB				
Grama Panchayats	Upto Rs.2.00 lakhs (for Mini Water supply scheme & school buildings) Upto Rs.1.00 lakh (for other works)	Upto Rs.1.00	Upto Rs. 2.00 lakhs (for Mini water Supply Schemes & School buildings) upto Rs. 1.00 lakh (for other works)	Upto Rs.1.00
Taluk Panchayats, Town Municipal Councils, Town Panchayats and Urban Development Authorities				