Government of Rajasthan
Finance (Financial Rules) Department

No. : F. 8(6)FD/FR/SPFC/2023 Jaipur, Date: 28.11.2025

Circular

Subject: Issuance of clarification/guidelines regarding the appropriate classification of goods, works and services by procuring entities, based on the nature of the procurement.

Due to the lack of necessary information and guidelines regarding the clear classification of procurement categories for goods, works, and services by procuring entities, difficulties are faced by procuring entities, especially in mixed procurements that contain elements of goods, works, or services in varying proportions. This lack of determination of the appropriate category of procurement leads to errors in the preparation of bid documents and the formulation of essential bidding conditions. Representations have been submitted from time to time by various bidders, including several MSME units in the state, who have raised the issue of inviting bids from all other bidders for items reserved for MSME units in the schedule of the Finance Department's notification dated 19.11.2015.

It is noteworthy that such guidelines have also been detailed in the Manual for Procurement of Goods and Consultancy Services issued by the Department of Expenditure, Ministry of Finance, Government of India.

In this regard, to assist and guide the procuring entities in clearly classifying the various types of procurements, the following guidelines are hereby issued:-

(1) Currently, procurements under procuring entities are categorized as follows:

(i) Goods
(ii) Services:- (i) Consultancy Services (ii) Non-Consultancy Services
(iii) Works

(2) Although goods and works are clearly defined, the key difference is that goods are produced on the producer's own premises (except for installation and commissioning), while works are performed on the procurement entity's premises (other than pre-fabricated components).

(3) The key difference between consultancy and non-consultancy services is the level of intellectual content, which is a key element in consultancy services and a secondary element in non-consultancy services. Another key difference is that non-consultancy services are routine and repetitive, with outputs that are measurable and standardized, while consultancy services are one-time and non-routine, with quantities that are neither fully measurable nor standardized.

(4) Procurement of IT projects should generally be treated as procurement of consultancy services, as the outcomes/deliverables may vary from service provider to service provider. IT projects may include the following:-

1. Specialized software development
2. Cloud-based services
3. Comprehensive IT integration services, including the design, deployment and commissioning of IT systems, including the supply of hardware, IT system design, software development, bandwidth, and system operation/maintenance for a specified period after go-live.

(5) A composite contract may include a mix of goods, works and services. For example, in the purchase of large machinery, some works and services, such as installation, commissioning, training, annual maintenance contracts and detailed maintenance contracts, may be included in the supply of goods:-

(a) In this regard, the material element of the subject matter to be procured and the primacy of the work/service element should be examined, regardless of their relative value. If the primary purpose of the procurement is the procurement of materials along with related services/works, it should be treated as a procurement of materials.

(b) If the primary purpose of the procurement is the procurement of goods and the services are incidental to the work/services, it may be treated as a procurement of goods. However, if the primary purpose of the procurement is the procurement of services/works and the goods are

incidental, it should generally be treated as a procurement of works/services, regardless of the relative value of the components.

(c) Procurement of "new products" i.e., machinery and plant products such as mechanical, electrical or ICT assets, etc., which include incidental works/services such as construction, installation, commissioning, Annual Maintenance Contract (AMC)/Comprehensive Maintenance Contract (CMC) should be classified as procurement of goods, except for procurement of IT projects.

(d) AMC/CMC of existing mechanical, electrical or ICT assets of machinery and plant nature should be considered as procurement of non-consultancy services.

(e) If the non-consultancy services primarily include construction, repair, maintenance, overhaul, renovation, decoration, installation, excavation, etc. of civil assets, it should be classified as works.

(f) Procurement of new mechanical and electrical works (not machinery and plant) involving construction of a mechanical or electrical nature should be classified as procurement of works if the material component is minimal.

(g) Significant works such as repair, maintenance, overhauling, decoration, AMC/CMC for existing mechanical, electrical, or ICT assets, which are not machinery and plant in nature, should generally be considered procurement of services.

It is possible that, depending on the nature and complexity of the work, a work may be identified as consultancy or non-consultancy service. In short, if the intellectual and consultancy component of the services is a primary objective (irrespective of the relative value of these components), the selection should be handled in a consultancy manner.

Ensure compliance with the above guidelines.

(Mahendra Mohan)
Joint Secretary to the Government

Copy forwarded for information and necessary action to:

1. Additional Chief Secretary/Principal Secretary to the Hon'ble Governor/Chief Minister, Rajasthan.
2. Special Assistant/Private Secretaries to all Ministers/State Ministers.
3. Senior Deputy Secretary to Chief Secretary, Rajasthan
4. Private Secretary to all Additional Chief Secretaries/Principal Secretaries/Secretaries/Special Secretaries.
5. Principal Accountant General (Accounts & Entitlement) Rajasthan, Jaipur
6. All Divisional Commissioners/District Collectors /Heads of Departments
7. All Financial Advisors/Chief Accounts Officers/Senior Accounts Officers/Accounts Officers
8. Secretary to Rajasthan Legislative Assembly/Lokayukta Secretariat, Rajasthan, Jaipur
9. Secretary, Rajasthan Public Service Commission, Ajmer
10. Registrar, Rajasthan High Court, Jodhpur /Rajasthan Civil Services Appellate Tribunal, Jaipur.
11. Technical Director, Finance (Computer Cell) Department with request to upload this circular on the Finance Department's website

(Nathuram Dhaka)
Chief Accounts Officer