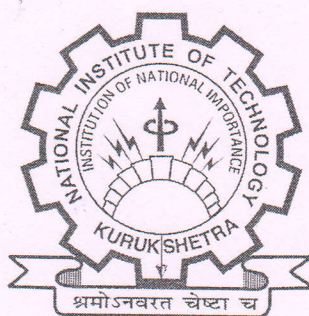


**COMPREHENSIVE STORES AND PURCHASE  
RULES 2008**



**NATIONAL INSTITUTE OF TECHNOLOGY  
KURUKSHETRA-136119**



**COMPREHENSIVE STORES AND PURCHASE RULES FOR PURCHASES  
FROM INSTITUTE NON-RECURRING & RECURRING FUNDS AND FUNDS  
OF SPONSORED/CONSULTANCY PROJECTS.**

**1. PREAMBLE**

These rules for purchase and accounting of equipment/consumable for Departments/Centres/Sponsored/Consultancy Project/Laboratories have been framed in order to provide a conducive working environment to promote excellence expected from Institute so that the procurement of the needed equipment/stores is done in time and without procedural wrangles. These rules also contain details of accounting, maintenance of records, write off and disposal of stores/equipments.

**2. ABBREVIATIONS AND DEFINITIONS:**

A/Cs	-	Accounts Section
BOG	-	Board of Governors
CFA	-	Competent Financial Authority
CS	-	Consumable Stores
Chairman	-	Head of the Deptt./Centre
Faculty	-	Academic Staff
Indent	-	Indent as raised by the Indentor
MAS	-	Major Assets (Non-Consumable Stores)
MIA	-	Minor Assets (Non-Consumable Stores)
PFC	-	Purchase Finalization Committee
PI	-	Principal Investigator of Sponsored/Consultancy Project
PR	-	Purchase Requisition as raised by Indentor
PO	-	Purchase Order as raised for supply
Stores Officer	-	Officer-In-Charge of Stores and Purchase Section
SPS	-	Stores and Purchase Section



## 2.1 DEFINITIONS

- 2.1.1 The definitions in this section should be interpreted in the context of this document only.

**Department:** Department shall imply Department/Inter-Disciplinary Program/Centre/Central Facility/Unit or any entity in the Institute which has a separately allocated budget.

**Project:** Project shall mean any sponsored, consultancy project or any other activity which has a valid project sanctioned through the Institute.

**Principal Investigator:** Any faculty of the Institute, whose name is recorded as a Project Investigator in the records pertaining to the project. At any point in time only the first named Project Investigator in the records of the Project will be identified as the Principal Investigator for operational purpose (e.g. exercise of financial powers)

**Indentor:** Any faculty/officer who raises the indent.

**Supplier:** A supplier refers to the company/vendor/dealer/agent/individual from whom the Institute may purchase goods or services.

**Temporary Advance:** It is an advance which can be taken to meet contingent expenses on MAS/MIA/CS/Miscellaneous items. This should normally be taken from the appropriate budget head.

**Imprest:** It is a rolling advance which is taken to meet day to day contingent expenditure of minor nature.

## 3. CLASSIFICATION OF STORES

- 3.1 All stores procured shall be classified into three categories viz. MAS-Major Assets (Non-Consumable Stores), MIA- Minor Assets (Non-Consumable Stores) and CS-Consumable Stores.

- 3.2 **Major Assets (MAS)** - Stores satisfying any one of the following conditions shall be classified as Major Assets:

- i) Stores which are intended to be used over prolonged periods (more than 5 years) before becoming unusable or obsolete and costing above Rs. 10,000/-
- ii) Wooden, Steel Furniture and Office Equipments.

Example: The example are indicative and not exhaustive. Plants, machinery instruments, printers, motors, assembled instruments, fabricated equipments.



**3.3 Minor Assets (MIA) –** Stores satisfying any one of the following conditions shall be classified as Minor Assets:

- i) Stores Costing any amount and having useful life of less than five years, which lose rapidly their value/relevance with the lapse of time or have very little or negligible disposal value.
- ii) Stores which can be upgraded either by replacing components/parts or which can be rendered obsolete by the release of new versions or editions.
- iii) Stores which are intended to be used over prolonged periods and costing less than Rs.10,000/-

Example: Personal Computers (PCs), computer accessories, software.

**3.4 Consumable Stores (CS):** Stores satisfying any of the following conditions shall be classified as Consumable Stores.

- i) Stores which exhaust with the lapse of time.
- ii) Stores which are rendered unusable due to normal wear and tear.
- iii) Stores which have negligible disposal value.
- iv) Spares of equipment etc.

Example : Chemicals, Stationery items, printer ribbons and cartridges, floppies, CD-ROMS, magnetic tape, electronic component like resistors, capacitors, connectors, electrical wires, plugs, switches, tool bits, hand tools, wood, plywood, cement, bricks and pipes etc.

#### 4. COMPETENT FINANCIAL AUTHORITY

##### 4.1 Purchase of Stores and Service

CFA	Individual Item Costing (Rs.)
Chairman/Indentor	upto 5,00,000/-
Dean (P&D)	upto 25,00,000/-
Director	upto One Crore
FC/BOG	above One Crore

Amended by BOG in 21<sup>st</sup> meeting held on 02.06.2010

##### 4.2 Write –off and Disposal of Stores

CFA	Items Costing
<b>DIRECTOR</b> To write off irrecoverable losses. To write off irrecoverable value of store items lost or rendered unserviceable due to normal wear & tear or obsolete.	<b>Rs. 10,000/-</b> <b>Rs. 25,000/-</b>
<b>Board of Governor</b>	<b>Beyond above Limits</b>

Amendment made in FC meeting held on 3.11.2009 vide Item No. 17.5 and ratified by Board in the meeting held on 29.12.2009 vide item No. 19.7



## **5. GENERAL PROCEDURE AND RULES FOR ALL PURCHASES**

**5.1** Purchase/ upgradation/exchange of equipment, components, minor furnishing, office equipment, consumables, Stationery, hiring of services/annual maintenance contracts etc. shall be effected through the following systems of purchase except where stated otherwise. This shall be applicable to all purchases through the recurring/non recurring budget heads and through funds received for sponsored/consultancy projects, except out of funds earmarked for new construction works.

- i) Petty Purchase
- ii) Purchase through Purchase Committee
- iii) Purchase through Quotations/Tenders, Rate Contract and Sole manufacturer or his authorized dealer.
- iv) Foreign Purchase.

## **SYSTEM OF PURCHASES**

### **5.2 Petty Purchases**

An Indentor may make purchases upto a ceiling Rs.15,000/- per item at one time after ensuring the reasonability of prices. The purchase may be effected either through a permanent imprest held in the name of the Indentor or through a temporary advance upto Rs.15,000/- that may be specifically drawn for the purchase in the name of Indentor or through credit after obtaining the approval of the CFA.

### **5.3 Purchases Through Committee**

The purchases through Purchase Committee consisting of three members of an appropriate level may be made with the approval of Dean (P&D) for a total value upto Rs.3,00,000/- per item. Justification to effect the purchase through Purchase Committee should be furnished by the Indentors in their proposals. In order to ensure reasonability of the prices the committee will obtain quotations from reliable suppliers. If necessary the committee may draw advance upto Rs.50,000/- for making cash purchases.

Large purchases should not be split into smaller lots.



#### **5.4 Purchase Through Quotations/Tenders**

Purchase of individual item upto Rs.25 Lakh will be made through Quotations. The purchases with estimated value beyond Rs.25 Lakh per item shall be made by inviting Tenders through press. Advertisement in such case should be given in one National daily having wide circulation and one Local Newspaper. The Tender will be published on the web site of the Institute and Institute web site address will be given in the advertisement. In case of global Tenders the advertisement will be given in Indian Trade Journal, Kolkata also.

The tenders will be obtained in two parts,

- (a) Technical Bid consisting of technical details alongwith commercial terms and conditions.
- (b) Financial Bid indicating price for the items mentioned in the Technical Bid.

The tenders/quotations received after due date and time shall not be considered.

The bidders shall furnish the Earnest Money alongwith their tenders @ 2 to 5% of the estimated value of the goods to be procured in form of Account Payee Demand Draft, Fixed Deposit Receipt, Bankers Cheque or Bank Guarantee from any of Commercial Banks. The Earnest Money will remain valid for a period of 45 days beyond the final bid validity period.

The successful bidder will furnish Performance Security @ 5 to 10 % of the value of Purchase Order in form of Account Payee Demand Draft, Fixed Deposit Receipt, Bankers Cheque or Bank Guarantee from any of Commercial Banks. The Performance Security will remain valid for a period of 60 days beyond the date of completion of contractual obligations of the suppliers including warranty obligations.

##### **5.4.1 Departmental Purchase Committee**

A Departmental Committee constituted by the Indentor will discuss points considered relevant and finalize the specifications of item(s) before the purchase proposal is moved by the Indentor

The purchases beyond the purchasing powers of the Indentors shall be recommended by the Departmental Purchase Committee for approval of CFA.

The purchases with in the purchasing powers of the Indentors shall be finalized by the Departmental Committee of atleast three members and approved by the Indentor. However the purchases shall be subject to pre-checking by the SPS.



#### **5.4.2 Purchase Finalization Committee (PFC)**

The composition of the Purchase Finalization Committee will be as under:

- i) Chairperson (To be nominated by BOG)
- ii) One expert (To be nominated by the Director)
- iii) Indentor (Concerned faculty/PI/Officer)
- iv) Deputy Registrar (Accounts)
- v) Stores Officer

Amended by BOG in 24<sup>th</sup> meeting held on 07.02.2011.

#### **5.4.3 Functions of Purchase Finalization Committee (PFC)**

The purchases beyond the purchasing powers of Indentors will be finalized and recommended after deliberations by PFC for approval of CFA. On approval of the recommendations of PFC by CFA, the Purchase Order will be placed by SPS.

#### **5.4.4 Processing of Quotations**

The Indentors shall issue an Indent (Purchase Requisition) for every purchase above Rs.15,000/- per item on prescribed form for approval of Director/Dean (P&D) before any purchase action is taken.

Quotations may be invited or received either through post/courier service by the departments or SPS from the firms depending upon the purchase powers. A copy of all enquiry letters will be displayed on the Notice Board. The requirements of costly equipments may also be displayed on Institute website. Thereafter, on the due date/time the individual quotations invited by departments shall be opened in the presence of two members of department and a representative of Stores Officer. The tenders/Quotations invited by SPS shall be opened on due date & time by Stores Officer, a member of Department not below the rank of Lecturer and one Officer working in section not below the rank of Group 'B'. All the quotations will be signed by the officials present at the time of opening. A comparative statement shall be prepared either by the Indentor or the SPS as the case may be. The accepted prices will be ringed (circled) in ink on the comparative statement. Also a justification for the particular choice i.e. being the lowest price or on technical grounds should be recorded on the quotations and comparative statement. The comparative statement along with quotations for the purchases beyond the powers of Indentors will be submitted to PFC for necessary recommendations through SPS.

Normally, the purchase shall be approved on the basis of at least three quotations. However, the Director can relax this condition on sufficient grounds on the recommendations of the PFC. In case of tenders there shall be no limitation in respect of the minimum number of tenders received. As regards proprietary items, the item may be procured from the proprietary source on the basis of a single quotation after certification of the proprietary nature of the item by the Indentor.



A repeat order may be placed within four months from the date of receipt of material of first order subject to the condition that there should be no change in the rates as well as terms and conditions of the supply and not more than two repeat orders should be placed.

The Institute may award rate contracts for the supply of Goods or Services on the basis of Tenders or Quotations.

Goods or services may be procured against DGS&D or Institute Rate Contract without calling for quotations.

### **5.5 PURCHASE OF MEDICINES**

Medicines may be purchased from the manufacturers or their sales Depots, authorized distributors/stockists or agents at Hospital/Institutional Rates. Where Hospital/Institutional Rates do not exist or are not applicable for sale the purchase may be made at wholesale rates.

### **5.6 FOREIGN PURCHASES**

The purchase of items may be made from outside India against the registration with Ministry of Science & Technology Deptt. of Scientific & Industrial Research (DSIR) New Delhi, all the rules and procedures laid down in para 5 shall apply. The procedure of processing subsequent to receipt of goods shall be the same as that for purchases of indigenous stores.

### **5.7 CUSTOM AND EXCISE DUTY EXEMPTION**

The Institute is exempted from payment of custom and excise duty on items mentioned in notification No. 51/96 dated 23<sup>rd</sup> July, 1996 and 10/97 dated 1<sup>st</sup> March, 1997 respectively. SPS shall issue the custom and excise duty exemption certificates on submission of the proposal to SPS.

Description of items exempted from payment of custom & excise duty.

- a) Scientific and technical instruments, apparatus, equipment (including computers);
- b) Accessories, spare parts and consumables thereof;
- c) Computer software, CD-ROM, recorded magnetic tapes, microfilms, microfiches.



## **6. DISCREPANCY IN SUPPLY**

- 6.1** Where stores supplied are found not acceptable due to damage in transit, wrong supply and are consequently rejected, the department concerned or SPS shall immediately notify such rejection specifying the grounds on which such rejection has been made to the supplier directly depending upon who initiated the purchase and take necessary action for getting the items as the specification of the Supply Order.
- 6.2 In case of IMPORTS the following will apply:**
- 6.2.1** Where stores are found partially defective and are considered to be capable of being rectified at the department or in the Workshops of the Institute, the particulars thereof shall be notified to the SPS at an early date specifying the exact nature of the defect and the estimated cost of repair/rectification. Extra expenditure, if any, in this regard shall be borne by the supplier for which necessary intimation shall be given to the supplier by the SPS.
- 6.2.2** When stores are found defective and it is considered necessary to have them repaired at the site under arrangement made by the supplier, particulars of such defects shall also be notified to the SPS at an early date specifying the exact nature of defect.
- 6.2.3** Where stores are found defective and it is necessary to have the defects rectified by returning the articles to the supplier, the particulars thereof shall also be notified to the SPS immediately specifying the exact nature of the defect.
- 6.2.4** In all such cases indicated above, the SPS shall report the discrepancy to the supplier concerned and ask for immediate action. Copies of such reports shall also be endorsed to the Department concerned.
- 6.2.5** Where packages of containers have been found damaged, broken and where such damages and breakages are attributable to handling in transit a claim shall be lodged with the transport agency immediately by the SPS on the basis of a certificate on shortage/damages granted by the railway and intimation should be sent to the supplier concerned and the Indentor.
- 6.2.6** Notwithstanding anything contained herein, where a consignment is covered by insurance in transit and where defects/damages or breakages are attributable to handling in transit, appropriate claims for compensation shall be lodged by the SPS with the under-writers concerned additionally.
- 6.2.7** In case of the stores being rejected outright, these should be returned by the departments to the Stores Purchase Section duly packed, who shall return such rejected stores to the Supplier promptly.



6.2.8 Where stores and equipment, partially or fully paid are found defective or otherwise rejectable the firms should be asked by the SPS to replace or to rectify the stores under their own arrangement and at their own cost at site. All expenditure for repair or replacement of defective stores supplied shall be borne by the Supplier.

**7. The role of the SPS is envisaged to be as follows:**

- 7.1 Processing of foreign Purchases.
- 7.2 Maintaining approved panel of suppliers, for purchases through quotations/press in consultation with the Departments.
- 7.3 The Process for invitation of quotations by post or tender through press as per financial limits.
- 7.4 Processing of all items such as stationery items for Institute and liveries etc. and their subsequent issue.
- 7.5 Conducting stock verification;
- 7.6 Issue of exemption certificates e.g. custom duty, excise duty, sales tax etc.
- 7.7 Any other function assigned by the competent authority.

**8. MAINTENANCE OF RECORDS:**

A record of all purchases including the purchases through project funds shall be maintained by the concerned Deptt./Sec. in the MAS category, shall be recorded in the major assets register and the MIA category in the minor assets register. For consumable stores, an issue record shall be maintained at the department level. Proper care needs to be taken by the Deptt./Sec. to monitor the consumption of consumable stores. Two Stock Registers one each for MAS and MIA shall also be maintained at the department/sectional level. The first page of Stock register should have the signatures of the Head of Deptt./Sec. certifying the total number of pages, number of entries and the total value of assets in MAS & MIA categories separately.

In summary the following records need to be maintained:

**Department**

- i) Stock Register for consumables
- ii) Stock Register for Assets (MAS & MIA)



## **Estate Section**

- i) Asset Register for assets of Institute (MAS & MIA)
- ii) Asset Register for any free aids/gifts received.

## **8.1 PROCESSING OF DOCUMENTS**

### **8.1.1 Consumable Stores:**

On receipt of Stores, the concerned Deptt./Sec. should get the stock entry made in the Consumable Register and put a pass order on cash memos/Bills and first copy of the Cash Memos/Bills will be sent to A/Cs for payment/adjustment purpose. The second copy will be kept in the respective Deptt. for records.

### **8.1.2 Major & Minor Assets**

On receipt of the Stores of MAS & MIA Category the Deptt./Sec. shall get the Stock entry made in the MAS/MIA Stock Register and put a pass order on Cash memos/Bills. The first copy of the cash memo/bill will be sent to A/Cs. for payment/adjustment purpose and second copy be kept in respective Deptt./Sec. for record. The intimation of the receipt of assets will be sent to Estate Section for maintenance of Assets Register.

All original documents relating to any such purchases including call for inquiries, reports of purchase committees, sanction notes, purchase orders, invoice/bill delivery challans, inspection report etc. shall remain in department or SPS depending on who initiated the purchase. These records/documents will be maintained for such period as stipulated by the Institute.

## **8.2 Stock Verification**

The stock verification of all items on the various stock registers of the departments/section shall be conducted biennial through SPS.

## **8.3 Write-off and Disposal**

- 8.3.1 The departments shall constitute a Stores Survey and Disposal Committee of not less than three members. This Committee shall survey the MAS and MIA stores and recommend write-off for items which are not usable and serviceable. The Committee shall record the reasons for recommending write-off. The departments shall forward the report to SPS for obtaining the approval of CFA and write-off from the Registers.



**8.3.2** Actual physical disposal of items which have been written off or are of no value will be done by the Department only after approval from the CFA. The SPS shall issue a notification in this regard. The SPS shall maintain a list of the registered vendors (Kabaries)/Prospective users for this purpose. However, department can include more vendors to the vendors list. The Survey and Disposal Committee shall record reasons for selecting the vendors to whom the items are sold.

#### **8.4 Upgradation of Assets**

In case of upgradation or purchase of assets under buy back arrangement, the old asset which has been upgraded or exchanged will be treated as written-off i.e. its value will be written-off from the records. The upgraded new assets will be entered in records. In case of upgradation, the sum of cost of old asset and the differential cost paid, will be considered as cost of the upgraded asset, however in case of buy back the sum of the disposal value of the old asset and the differential cost paid will be considered as cost of the new asset.

#### **8.5 Transfer of Stores**

Transfer of stores within the Institute from one department to another may be done with the approval of Dean (P&D) through a transfer voucher under intimation to the Estate Section in case of MAS/MIA.

### **9. Implementation of Rules:**

The GFR – 2005 and Manual on Policies and Procedures for purchase of goods of Government of India shall be the guidelines for implementation of these Rules.

### **10. Interpretation of Rules:**

**10.1** The authority to Interpret these rules shall rest with the Director.

**10.2** Any of these rules can be amended from time to time by the competent authority.