

## **CHAPTER X**

### **STORES**

#### **I. GENERAL RULES**

**120.** The term “stores” used in this chapter applies generally to all articles and materials purchased or otherwise acquired for the use of a department including not only expendable and issueable articles in use or accumulated for specific purposes, but also articles of dead stock of the nature of plant, machinery, instruments, furniture, equipment, fixtures, etc.

**121.** These rules are generally applicable to all departments. These shall be applied on conjunction with special rules which may be existing or may be made for particular departments, e.g., S.P.W.D. Irrigation, Power, Forest and S.N.T, etc.

**122.** Periodical indents should be prepared and all purchase of stores should be made in the most economical manner in accordance with the definite requirements of the public service. Care should be taken not to purchase stores much in advance of actual requirements, if such purchases are likely to prove unprofitable to Government. At the same time, where materials are scarce and controlled and receipt through Government channels may take an appreciable time, indents should be placed sufficiently in advance so as to ensure that developmental projects are not delayed.

**123.** Where scales of use or limits of stores have been laid down, the officer ordering a supply should certify on the purchase order that the prescribed scales or limits are not exceeded.

**124.** Purchase orders should not be split up to avoid the necessity for obtaining the sanction of the higher authority required with reference to the total amount of the orders.

#### **II. PURCHASE OF STORES.**

**125.** Local purchase of stores may normally be made -

- (i) when the requirement is immediate;
- (ii) when the requirement is of such minor magnitude and no bulk central purchase arrangement exists or is warranted; and
- (iii) the expenditure involved does not exceed Rs.20,000 at a time.

**126.** Purchases should conform to the following procedure:-

- (i) In case of purchases costing less than Rs.10000 at a time, after reasonable market enquiry.
- (ii) For purchase costing Rs.10000 to Rs.20,000 by direct invitation of rates from a reasonable number of reliable firms.
- (iii) For purchase costing over Rs.20,000 normally through the State Trading Corporation of Sikkim.

*Note :* In exceptional cases of urgency, direct purchases may be made with the specific prior approval of the Finance Department.

**127.** When stores are purchased from the open market directly the system of open competitive tender should, as far as possible, be adopted. In the case of all purchases of stores costing more than Rs. 10,00,000/- ( Rupees ten lakh) only whether to be purchased through STCS or direct, open tenders (through advertisement) should be invited giving wide publicity in the leading newspapers at least a month before the last date of submission of tenders. All such tenders should be opened at Gangtok by a Tender Selection Committee of five, which should have one member from the department concerned, one from Finance and one from State Trading Corporation and such other members as the Government may decide. The tenders should be accepted only on the recommendations of the Tender Selection Committee. For other purchases costing not more than rupee one lakh, whether made direct by the department or by STCS, the sealed tenders/quotation through advertisement in local papers should be invited. The tenders/quotations should be opened at a given time and place in the presence of tenderers as far as possible, by a Departmental purchase Committee, consisting of at least three officers appointed by the Head of Department concerned/Managing Director, STCS, which should include the Accounts Officer or any other officer of the Department dealing with accounts.

**128.** For purchase of goods of value exceeding Rs.20,000 tenderers should normally be required to furnish a security deposit of such amounts as may be considered adequate by the indenting authority with the approval of Government.

**129.** While inviting tenders, time limits for the completion of the supplies to be ordered, should invariably be indicated.

**130.** Comparative statements of tenders/quotations should be prepared in all cases where tenders/quotations are called for. In addition, the following points should be observed:-

- (i) The rates should be inclusive of packing and forwarding charges; or such charges should be quoted separately.

- (ii) Wherever possible, rates should be F.O.R. destination.
- (iii) The quotations or tenders should specify whether the rates are inclusive or exclusive of sales tax and other levies.

*Note* : Ordinarily goods should be booked by rail at goods rate and for the transport by road, by the vehicles of the Sikkim Nationalised Transport. For any other mode of transport, special sanction of Government will be necessary.

- (iv) From the nearest Railway station in India, goods will invariably be carried by the Sikkim Nationalised Transport or under arrangements authorised by it.
- (v) Transit risks to the place from delivery from suppliers outside Sikkim should be covered by insurance where ever considered necessary. Such insurance shall ordinarily be required to be taken by the supplier.
- (vi) For purchasing high value plant, machinery, etc. of complex and technical nature, bids may be obtained in two parts as under:-
  - (a) Technical bid consisting of all technical details along with commercial terms and conditions; and
  - (b) Financial bid indicating item-wise price for the items mentioned in the technical bid.

The technical bid and financial bid should be sealed by the bidder in separate covers duly superscribed and both the bids sealed in single cover duly superscribed to be opened by the Purchase Committee. Late bids received after the specified date and time fixed for receipt of the bids shall not be considered.

Procurement from a single source may be done in the following cases:-

- (a) It is to be confirmed by the Department that the only a particular Firm is the Manufacturer/Dealer of the goods required.
- (b) In case of emergency, the required goods may be purchased from a particular source duly recording the reasons for such decision with the approval of Competent Authority.
- (c) For standardized of Machinery/Equipment and to ensure that the parts purchased are compatible to the existing equipment/machinery, the required item may be purchased from the authorized dealer.

### **III ACCEPTANCE OF TENDERS FOR DIRECT PURCHASES**

**131.** The tenders/quotations for direct purchases shall be called and accepted by

or under the orders of Government except where powers to accept them have been specifically delegated. The purchases should be made from the lowest tenderers unless there are any special reasons to the contrary which should be recorded in writing. Sanctions on the basis of acceptance of tenders/quotations, as also when purchases are to be made at controlled rates or rate contract prices for identical stores, will be issued in each case by Government or by such authority as may be nominated by it. Such sanctions will indicate the quantity of supply, specifications, rate, prices and mode of supply, consignee, classification of expenditure, etc. When the accepted terms of supply require the payments of any amount in advance of supply, specific mention to the effect shall be made in the sanctions. Otherwise, payments shall be made only after supplies have been received in accordance with the supply orders and the goods have been accepted by the indenting authority. At the time of making payment it should be seen that the rates paid are not in excess of those entered in the contract or agreement made for the supply of stores and that suitable notes of payments are recorded against the indents and invoices concerned to prevent double payment.

#### **IV. RECEIPT OF STORES**

**132.** All materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken and it should be ensured that the quantities are correct and the quality according to specifications ordered. A certificate to such effect must be recorded on the relevant cash memo or invoice which is to form the documents on which the payment for the supplies will be made. The officers receiving the stores should also record a certificate that he has entered the stores in the appropriate stock register, mentioning the page number of the register in each case.

#### **V. CUSTODY AND ACCOUNTING OF STORES**

**133.** (1) The departmental officers entrusted with the care, use or consumption of stores of any kind are responsible for their safe custody and for keeping them in good condition. They should also arrange for the proper maintenance of accounts of the stores and take adequate steps for preventing losses through deterioration, theft, accident, fraud, etc. Any loss or damage to Government stores should forthwith be reported by them to their immediate superiors.

(2) An inventory of the dead stock shall be maintained in all Government offices showing the number or quantity received, the number or quantity disposed of (by consumption, transfer, loss, sale etc.) and the balance in hand of each kind of article. The inventory shall be priced where the value of items is to be recovered from private persons or bodies. Articles of dead stock shall be physically verified once a year and the result of verification recorded on the inventory. All discrepancies shall be investigated and brought to account immediately so that the inventory may represent the true account.

(3) When articles of dead stock e.g. tools and plant are lent to local bodies, contractors, etc. the hire and other charges as determined under prescribed rules shall be recovered regularly.

(4) Priced lists of stores, recording both quantities and value shall be maintained in cases where the stores are to be issued to contractors for use on works or the cost of stores is to be distributed over works, items or objects on which they are actually used. In such cases, the expenditure on stores shall be charged to stock suspense in the first instance, instead of to the final head of account.

Item wise list and accounts shall be maintained and accurate returns in respect of goods and materials in stock have to be maintained so that it is possible to check and confirm the actual balances with book balances at any point of time. The accounts shall be maintained in the form prescribed separately for:-

(i) Fixed Assets such as plant, machinery, equipment, furniture, fixtures, etc. in Form I.

(ii) Consumables such as office stationeries, chemicals, maintenance spare parts, etc. in Form II.

(iii) Library books in Form III.

(iv) Assets of historical/artistic value in Form IV.

## **VI. ISSUE OF STORES**

**134.** When materials are issued, a written acknowledgement should be obtained from the person to whom they are delivered. In case of stores issued to a contractor the cost of which is recoverable from him, the acknowledgment should give full particulars of the materials issued including the recovery rates and the total value chargeable to the contractor.

**134 (a). Hiring of Assets-** When Assets are hired to local bodies, contractors etc. proper record of the Assets shall be maintained and the hire charges recovered regularly at rates fixed by the Competent Authority and deposited into Government Accounts.

## **VII. TRANSFER OF CHARGE OF STORES**

**135.** In case of transfers, the officer-in-charge of stores shall see that the stores in his custody are made over correctly to his successor and a proper receipt taken from him.

## **VIII. PHYSICAL VERIFICATION**

**136. (1)** A physical verification of all stores must be made at least once in every year by the head of the department or such other officer as may be specially authorised by him in this behalf, who should after verification record a certificate in the stock register indicating the results of such verification. The verification should not, however, in any case be entrusted to a person

- (i) who is the custodian, ledger keeper or the accountant of the stores to be verified, or who is a nominee of, or is employed under, the custodian ledger keeper or the accountant; or
- (ii) who is not conversant with the classification, nomenclature and technique of the particular classes of stores to be verified.

(2) The verification shall never be left to low paid subordinates and in case of large and important stores, it shall, as far as possible, be entrusted to a responsible officer who is independent of the subordinate authority in charge of the stores.

**137.** Verification must always be made in the presence of the officer responsible for the custody of the stores or of a responsible person deputed by him. All discrepancies noticed must be brought to account immediately, so that the stores account may represent the true state of the stores. Shortages and damages, as well as unserviceable stores should be reported simultaneously to the authority competent to write off the loss. In case of loss of books or items of a value exceeding Rs. 1,000/- (one thousand only) and rare books and items irrespective of value, shall be properly investigated and appropriate action taken with the approval of the Government.

**138.** (1) In order to ensure that stores are not held unnecessarily in excess of the requirements of a reasonable period, half-yearly inspections should be conducted by a responsible officer who must submit a report of surplus or obsolete stores to the authority competent to issue orders of their disposal.

(2) All stores, which may be declared as obsolete, surplus or unserviceable shall be disposed of under orders of the authority to whom powers may be delegated in this behalf. Obsolete and unserviceable material of residual value less than Rs. 10,000/- (Rupees ten thousand) the mode of disposal will be determined by the Competent Authority keeping in view the necessity to avoid accumulation of such goods and also to avoid deterioration of such goods to be disposed of. All surplus of obsolete and unserviceable material of assessed value above Rs. 10,000 shall be disposed of by obtaining bids through quotations or tenders by advertisement in the Sikkim Herald and few local papers. The bids should be supported by adequate security deposit as may be determined by the Competent Authority. If, however, any Department is unable to dispose of the obsolete items in spite of two attempts for disposal through advertisements, they may dispose the same at its scrap value with the approval of the Competent Authority in consultation with the Finance, Revenue & Expenditure Department and if it is still unable to dispose of the items at scrap value, any other mode of disposal may be adopted in the most eco-friendly manner. A sale account of the goods disposed of shall be prepared in Form V duly signed by the Officer who supervises the sale.

(3) All profits and losses due to revaluation, stock taking or other causes shall

be duly recorded and adjusted where necessary. Formal sanction of the competent authority shall be obtained in respect of losses, even though no formal correction or adjustment in the accounts is involved.

(4) Losses shall be grouped under the following heads:-

- (i) losses due to theft or fraud;
- (ii) losses due to neglect;
- (iii) losses due to an act of God and other calamities such as fire, enemy action, etc;
- (iv) losses on account of surplusages or obsolete stores or of purchase in excess or requirements;
- (v) losses due to depreciation and
- (vi) other losses due to damage, etc.

Subject to delegation of powers, the previous sanction of the Government, with the consent of the Finance Department, shall be obtained to writing off all losses, deficiencies or depreciation in value of stores.

### **ANNEXURE** ( See rule 127 )

The Public Accounts Committee 1977-78 in their first report on the accounts of Electricity (Power) Department has observed: The Committee feels that to avoid malpractices, contracts for purchase/supply should be with registered and reputed firms only. The Committee recommends that in future all purchases over rupees one lakh or any specified amount as may be fixed by the Government, may be made on the basis of open tenders invited at Gangtok after giving wide publicity in the local and national news papers at least a month before the last date of submission of tenders except in cases of emergent purchase the reasons for which should be recorded in writing by the competent authority. All such tenders should be opened at Gangtok by a Committee of five, which should have one member from the department concerned, one from Finance and State Trading Corporation each and such other members as the Government may decide.

2. The P.A.C. (1978-79) in their second report has further observed: In reply to a query made by the Committee, the Department (Power) admitted that it had not so far initiated any proposal for constitution of such a committee. The committee finds this apathy toward the Committee's recommendations to be highly deplorable and recommends that immediate steps should be taken for constitution of such a committee under proper orders of the Government not only for the Department of Power but also for all the other major purchasing departments.

3. The Committee also recommended that recommendations made in regard

to Power Department regarding procedure to be followed in inviting tenders and assessment and acceptance should be made applicable in the case of State Trading Corporation also.

4. Accordingly the matter was examined by the Government and it has been decided that the procedure set out in the succeeding paragraphs should be followed in the case of all purchases by the departments including the State Trading Corporation of Sikkim with immediate effect.

## **TENDERS**

5. In the case of all purchases of stores costing more than Rs.1,00,000 (Rs. one lakh) whether to be purchased through S.T.C. or direct, open tenders (through advertisement) should be invited giving wide publicity in the leading newspapers at least a month before the last date of submission of tenders. All such tenders should be opened at Gangtok by a Tender Selection Committee of five, which should have one member from the department concerned, one from Finance and State Trading Corporation each and such other members as the Government may decide. The tenders should be accepted only on the recommendations of the Tender Selection Committee.

6. For other purchases costing not more than rupees one lakh, whether made direct by the department or by S.T.C., the sealed tenders/quotations through advertisement in local papers should be invited. In this connection reference to instructions contained in Finance Department Notification No.11/Fin dated 21.10.76 is also invited. The tenders/quotations should be opened at a given time and place in the presence of tenders as far as possible, by a Departmental Purchase Committee, consisting of at least three officers appointed by the head of the department concerned/ Managing Director of S.T.C. which should include the Accounts Officer or any other officer of the department dealing with account.

7. For materials available at D.G.S & D. rate contract, no tenders may be necessary. Firms holding D.G.S.& D. rate contract may be registered with State Trading Corporation who may procure the materials at the D.G.S. & D. rate contract from such firms. No such procurement should, however, be made from the agents of the D.G.S. & D. rate contract holding firms. Similarly procedure may be followed for articles which are specially certified as of proprietary nature or when it is clear that only a particular firm is the manufacture of the stores required.

**(Government of Sikkim instruction) Not. No. 45/Fin/Adm dated 9.12.97**

1.1 Matters relating to procurement of store items from the authorised dealers/manufacturers on tender basis, the provision of the annexure to Rule 127 of Sikkim Financial Rules, 1979, is mandatory. Of late it has been brought to the notice of the Government that provisions contained in the said annexure and Rule 128 to 132 are also not complied with causing dissatisfaction of dealers/companies in not getting sufficient time for them to participate in the tender/

quotation. To maintain not only the standard in quality and cost of items, but also to obtain most competitive rates, the participation of maximum number of tenders in imperative and also to have transparency in the mode of transaction must confirm with laid down rules and procedures.

1.2 It is, therefore, directed that the following directives be followed to avoid the above stated lapses:-

- (a) Minimum time for tender notice in national papers, on no account, be less than 30 days from the date of issue of notice inviting tender.
- (b) Preference may be given to the manufacturers and agencies holding rate contract with D.G.S. & D.
- (c) In the notice inviting tender it may invariably be mentioned that tender/quotation will also be received by registered post and considered, if received on or before the appointed date and time. The authority inviting tender/quotation shall not be responsible for late receipt due to postal delay.

### **INSPECTION AND TEST**

8. For materials procured not at D.G.S. & D. rate contract, inspection should be carried by an officer of the indenting department nominated by the head of the department before despatch commences from supplier's premises.

9. The above procedure shall be followed in case of all purchases whether made direct by the department under specific orders of the competent authority or through State Trading Corporation of Sikkim under the existing orders. The State Trading Corporation of Sikkim shall also adopt the above procedure mutatis mutandis.