

ഇ.ഡി.പി.1/13575/2014

വ്യവസായ വാണിജ്യ ഡയറക്ടറുടെ
കാര്യാലയം, വികാസ് ഭവൻ,
തിരുവനന്തപുരം, തീയതി:14/07/2014

സർക്കുലർ

വിഷയം: വ്യവസായം - ഇ.ഡി.പി.- വ്യവസായ വാണിജ്യ
വകുപ്പിലെ പർച്ചേസുകൾ നടത്തുന്നത്- സ്റ്റോർ പർച്ചേസ്
മാനുവൽ - ലെ വ്യവസ്ഥകൾ അനുസരിച്ച് നടത്തുന്നത്
സംബന്ധിച്ച്.

വ്യവസായ വാണിജ്യ വകുപ്പ് ഡയറക്ടറേറ്റിലും, ജില്ലാ
വ്യവസായ കേന്ദ്രങ്ങളിലും നടത്തുന്ന പർച്ചേസുകൾ സ്റ്റോർ പർച്ചേസ്
മാനുവലിലെയും DGS&D rate contract- ലെയും വ്യവസ്ഥകൾക്കും ,
ചട്ടങ്ങൾക്കും അനുസൃതമായല്ല നടത്തുന്നതെന്ന് വിവിധ
ആഫീസുകളിൽ അക്കൗണ്ടന്റ് ജനറൽ ഓഡിറ്റ് നടത്തിയ
പരിശോധനയിൽ റിപ്പോർട്ട് ചെയ്തിരിക്കുന്നു. ആയതിനാൽ ഇനി
മുതൽ വ്യവസായ വാണിജ്യ വകുപ്പ് ആഫീസുകളിൽ നടത്തുന്ന എല്ലാ
പർച്ചേസുകളും സ്റ്റോർ പർച്ചേസ് മാനുവലിലെയും DGS&D rate contract-
ലെയും വ്യവസ്ഥകൾക്കും , ചട്ടങ്ങൾക്കും അനുസൃതമായി
നടത്തേണ്ടതാണ്. ഇതിൽ വീഴ്ചയുണ്ടാകാതിരിക്കുവാൻ പർച്ചേസിംഗ്
ഓഫീസർ പ്രത്യേക ശ്രദ്ധ ചെലുത്തേണ്ടതാണ്. സ്റ്റോർ പർച്ചേസ്
മാനുവൽ സംബന്ധിച്ച് പൊതു നിർദ്ദേശത്തിന്റെ പകർപ്പ് , ഓഡിറ്റ്
പരാമർശത്തിന്റെ പകർപ്പ് എന്നിവ ഇതോടൊപ്പം ഉള്ളടക്കം ചെയ്യുന്നു.

അഡീഷണൽ ഡയറക്ടർ(ടെക്നിക്കൽ)

പകർപ്പ്

- 1) വ്യവസായ വാണിജ്യ വകുപ്പ് ഡയറക്ടറേറ്റ് (എല്ലാ
ഓഫീസർമാർക്കും സെക്ഷനുകൾക്കും)
- 2) എല്ലാ ജില്ലാ ഓഫീസുകൾക്കും
- 3) ഡിപ്പാർട്ട്മെന്റ് വെബ്സൈറ്റിൽ പ്രസിദ്ധീകരിക്കുന്നതിന്
- 4) സ്റ്റോക്ക് ഫയൽ

GENERAL DIRECTIONS

For fulfilling the duties and functions of various Departments of the Government, "Stores" have often to be purchased. The Articles from 120 to 162 of the Chapter VI ("Stores") of the Kerala Financial Code Volume-I (available in www.finance.kerala.gov.in) contains the general Rules applicable to all Departments regarding purchase of stores required for using public service. Also in the case of departments like Public Works, Forest and Wildlife, Stationery, Police and other special departments they have to follow Code and Manuals of the respective departments (example: P.W.D Code, Forest Code, Stationary Manual, Police Manual etc.). The above Manuals and Codes will be co-linearly applied with the Stores Purchase Manual and will be supplemented by provisions in the "Stores Purchase Manual" wherever specific provisions are not made in these Rules. Government have revised the **STORES PURCHASE MANUAL** as per G.O(P) No: 3/2013/SPD dated 21.06.2013, which is available in [www.kerala.gov.in\(link:Reports&Manuals\)](http://www.kerala.gov.in(link:Reports&Manuals)) and also in www.spd.kerala.gov.in. All purchases effected till 20.06.2013 shall be processed and disposed of as per the Stores Purchase Manual (6th Edition reprinted in 2012 incorporating the amendments upto 18.12.2006) then existed.

All Government Departments/Offices/Public Sector Undertakings/Autonomous Bodies/Local Self Government Institutions etc. shall take utmost care in following the instructions deliberated in the revised Stores Purchase Manual 2013 while purchasing of stores from 21.06.2013.

2:1. Forecast of Requirement

A Government servant who has to purchase stores for the public service should estimate the requirements before proceeding with the purchase. **Para 6.1 to 6.3 of the revised edition of the Stores Purchase Manual** deals with necessity of forecasting of requirements. The Purchasing Officer should estimate his requirements before proceeding with purchase and based on this estimation he will be able to assess whether Quotation or Tender formalities have to be followed for the particular purchase. At the end of each financial year, he should prepare a list of articles required during the next financial year. The list may be prepared on the basis of the consumption during the previous 3 or 5 years and with reference to factors if any, which justify an increase or decrease compared with the average. Further requirements should be estimated correctly and purchase effected in order to secure the advantage of competitive prices for bulk supply. The purchase of any article in advance of requirements involve the locking up of

Government money and is therefore not desirable unless it is reasonable likely to prove advantageous in regard to price.

2.2. Administrative Sanction

It is the duty of each Purchasing Officer to satisfy himself/herself that funds are available for meeting the expenditure in connection with purchase of stores and that there is valid Administrative Sanction for effecting the purchase. The Purchasing Officer will ensure that all purchases arranged by him are supported by valid prior Administrative Sanction as laid down in Paras 6.5 to 6.9 of the revised edition of the Stores Purchase Manual.

2.3 Purchasing of Stores without quotation

Purchasing of stores up to Rs.15000/- on each occasion may be made without inviting quotations/bids with effect from 21.06.2013 subject to the conditions specified in Para 7.3 of the revised Stores Purchase Manual. *cont. here*

2.4 Local Purchase Committee

Purchasing of stores costing above Rs 15,000/- and up to Rs.1,00,000/- on each occasion may be made with the recommendation of a Local Purchase Committee consisting of three members as decided by the Head of the Department after inviting quotations. (para 7.4 of the revised Manual)

2.5. Quotation System

Para 7.4 to 7.6 of the revised edition of the Stores Purchase Manual lays down that 'Quotation' shall be invited where the estimated value of the stores to be purchased is above Rs. 15,000/- and below Rs.1,00,000/-. A specimen form of the quotation notice is given in **Annexure 10** of the revised Stores Purchase Manual, since the prescribed form incorporates all relevant terms and conditions it renders uniformity to the quotation notice issued from different departments. *cont. here*

2.6. Tender System

Para 7.7 of the revised Stores Purchase Manual stipulates that Tender Systems should be followed for the purchase of stores when the estimated cost is Rs.1,00,000/- and above. A specimen form of tender is given in Annexure 2 of the revised Stores Purchase Manual. One of the main advantages of Tender System is that it helps to elicit a number of competitive offers. Moreover, the non-observance of Tender System causes revenue loss to Government by way of cost of Tender Forms and Stamp Papers for preliminary/final agreements.

2.7 Two Bid System

In the case of purchasing capital equipment, high value plant, machinery, etc., of complex and technical nature, Two Bid system has to be followed. The first part contains the relevant technical specification and allied commercial details (Technical Bid) and the second part contains the price quotation (Financial Bid) should be sealed by the tenderer in separate covers duly superscribed and both these sealed covers are to be put in a bigger cover which should also be sealed and duly superscribed. Financial bids of technically qualified bids alone be considered for selection. (Para 7.50 of the revised Stores Purchase Manual)

2.8 E- Tendering

As per G.O(Ms) No:18/2012/ITD dated 8.10.2012, all Government Departments/Boards/Public Sector Undertakings should follow e-Government procurement with effect from 31.03.2013, for all tenders above Rs.25/- lakhs. All queries/grievances pertaining to e – Procurement should be addressed to the e-mail ID: etendershelp@kerala.gov.in and also in the Help Line with Phone Numbers 0471 2577088, 0471 2577188 and 0471 2577388. (Para 1.10 and 1.12)

2.9 The cost of Tender forms with effect from 21.06.2013 is given below
(para 7.24 to 7.32 of the revised edition):

Ordinary tenders involving supply of stores: (Para 7.25(i) of revised Stores Purchase Manual)

Estimated cost of materials for which tenders invited	Cost of Tender forms	
	Original Copy each (Rs)	Duplicate copy each (Rs)
Above Rs.1,00,000/- upto Rs.10 Lakhs	0.2% of the cost of tender rounded to the nearest multiple of 100, subject to a minimum of Rs.400/- and maximum of Rs.1500/- + VAT as applicable	50% of the cost of the original, upper rounded to the nearest multiple of 100 + VAT as applicable
Above Rs.10 Lakhs	0.15% of the cost of tender rounded to the nearest multiple of 100, subject to a maximum of Rs.25,000/- + VAT as applicable	50% of the cost of the original, upper rounded to the nearest multiple of 100 + VAT as applicable

Special tenders with drawing, etc, involving erection of plant and machinery:

Estimated cost of materials for which tenders invited	Cost of Tender forms	
	Original Copy each (Rs)	Duplicate copy each (Rs)
Up to Rs.10 lakhs	0.25% of the cost of tender rounded to the nearest multiple of 100 - + VAT as applicable	50% of the cost of the original copy rounded to the nearest multiple of 100 + VAT as applicable
Above Rs.10 Lakhs	0.20% of the cost of tender rounded to the nearest multiple of 100 + VAT as applicable	50% of the cost of the original copy rounded to the nearest multiple of 100 + VAT as applicable

2:10 Adequate Time for Quotations/Tenders

Attention of the Purchasing Officer is invited to para 7.33(ix) of the revised Stores Purchase Manual, which stipulates that, for ordinary stores that can be purchased from Indian Markets, the minimum time to be given for submission of Tenders/Quotations is limited to 15 days.

2:11. Quotations/Tenders in sealed envelopes

Para 7.33(xi) and 7.38 of the revised Stores Purchase Manual stipulates that in all cases, Tenders/Quotations should be obtained in sealed envelopes with necessary superscription in the envelopes. Quotations/Tenders received in unsealed covers should be rejected.

2.12 Rate Contracts of Directorate General of Supplies and Disposals(DGS&D)

The Directorate General of Supplies & Disposals(DGS&D) , New Delhi is concluding rate/running contracts for a number of items in every year. The Purchasing Officers can avail these contracts if it is easier and economical to the department. If the items are intended to purchase on DGS&D rate/running contract, it should be clearly mentioned in the administrative sanction issued for the purchase(13.7).

In the case of items for which rate/running contracts settled by the Stores Purchase Department exists or a running contract settled by the Head of a Department exists, it is obligatory for Government Departments to avail themselves of those contracts. The agreement form to be used in the case of running or rate contract is given in Annexure 32. (Para 13.9 of the revised Stores Purchase Manual).

2:13 Earnest Money Deposit

In order to safeguard against a bidder(s) withdrawing/altering its bid during the bid validity period Earnest Money Deposit should be collected along with tenders(para 8.1 of the revised Stores Purchase Manual). The amount of Earnest Money

Deposit is 1% of the total cost of the articles tendered for, subject to a minimum of 1,500/. The Earnest Money Deposit by the unsuccessful bidders will be refunded within 30 days of the conclusion of the contract (Para 8.16 of the revised Stores Purchase Manual).

In the e-tendering system the Earnest Money Deposited by the unsuccessful bidders will be refunded automatically without delay.(Para 1.14 of the revised Stores Purchase Manual)

2.14 Settlement of Disputes

Normally disputes should be avoided after settling the contract . However if any such situation arises, Provisions in Chapter 15 of the revised Stores Purchase Manual should be scrupulously followed.

2.15 Departmental Purchase Committees

Each purchasing Department should constitute a Departmental Purchase Committee. The Constitution of the Committee is detailed in Para 16.7 of the revised Stores Purchase Manual.

2.16 List of Registered Firms

A certified list of firms/dealers on whom copies of Quotations/Tenders were served has to be kept in the Office. Maintenance of such register will help individual enquiries to the local firms in the line and will also help to initiate action against registered firms/dealers who fail to quote consecutively on four occasions. The performance of each supplier can be watched only by keeping such a register.

2.17 Tabulation Statement

Tabulation Statement has to be prepared in conformity with the instructions in para 9.16 and 9.17 of the revised Stores Purchase Manual.. It is meant to render ready information regarding the quotations/tenders received, rates recommended and accepted, the terms and conditions of supply, details of payments etc. The Tabulation Statement should be correct, complete, informative and authenticated by the competent purchasing or recommending officer. The statements should be neat and clear. When the number of items is large, it is preferable to tabulate the rates for each item in a separate sheet.

2.18. Supply Order

Para 9.51 of the revised Stores Purchase Manual stipulates that a formal Supply Order should be placed with the successful tenderer/quotationer . A specimen of the supply order is given in **Annexure 22 of the revised Manual** .It should contain the description, quantity and price of the articles to be supplied. It should also prescribe the terms and conditions of delivery and payment. Copies of such supply order should be forwarded to the Accountant General (A&E) ,Sales Tax and Income Tax Authorities as envisaged in Para 9.53 of the revised Stores Purchase Manual .

As per para 9.61 of the revised Stores Purchase Manual, the purchasing officer shall forward a draft agreement to the successful tenderer along with the supply order as given in Annexure 23 directing them that the consignments need be sent only after executing the agreement.

2:19 Performance Security and Agreement

As per para 8.17 to 8.29 of the revised Stores Purchase Manual, the Purchasing Officer should arrange to take performance Security Deposit equivalent to 5% of the total value of the contract irrespective of its registration status, etc, of the bidder for a contract value above Rs.1,00,000/-. A standard form of performance security and a specimen of final agreement (para 9.60) is given in Annexure 15 and Annexure 23 respectively of the revised Stores Purchase Manual. The agreement should be in Kerala Stamp Paper worth Rs.100/- embodying the conditions of the order and providing necessary penal clauses for any breach of the conditions of contract. Payment in such cases will be made only after supplies are received, verified and taken to stock.

2:20 Maintenance of Purchase Files

The maintenance of purchase files should be in accordance with the procedure laid down in the Manual of Office Procedure (Para 14.10 of the revised Stores Purchase Manual). For every purchase there should be a separate file containing details regarding the order sanctioning the purchase, tender/quotation notice, list of dealers/firms individually contacted to obtain offers, supply order, final agreement, copies of bills/invoices with stock entry certificate and details regarding payments. The current file and the note file should be serially page numbered. A note file should be invariably prepared and kept in the file indicating the day to day actions taken in the purchase procedure. These files may be closed on completion of purchase and final payment is made. For the purchase of the same item in the next financial year, a new file may be opened rather than continuing action in a single file for several years.

KERALA FINANCIAL CODE VOLUME - I**(www.finance.kerala.gov.in)****CHAPTER VI****STORES**

- 1.Introductory (Art.120)
- 2.Authorities competent to purchase stores (Art.121)
- 3.Forecast of requirements (Art.122)
- 4.Preparation of Indent(Art.123)
- 5.Administrative sanction (Art.124)
- 6.Purchase sanction (Art.125)
- 7.Tender system(Art.126) (Open Tender, Limited Tender, Single Tender)
- 8.Purchase from Government sources (Art.127)
- 9.Purchase of furniture(Art.128)
- 10.Ascertainment of surplus stores(Art.129)
- 11.Form of tenders(Art.130)
- 12.Invitation of tenders (Art.131)
- 13.Earnest money deposit(Art.132)
- 14.Receipt and opening of tenders(Art.133)
- 15.Entertainment of tenders(Art.134)
- 16.Acceptance of tenders(Art.135)
- 17.Communication of acceptance(Art.139)
- 18.Security and agreement (Art.140)
- 19.Rate and running contracts (Art.141)
- 20.Negotiated contracts (Art.142)
- 21.Examination of contracts by the Accountant General(Art.143)
- 22.Insurance of Government property(Art.144)
- 23.Claims in respect of imported stores, lost or damaged(Art.145)
- 24.Insurance on Railways or Lorry Transportor Inland Water Transport(Art.146)
- 25.Receipt and verification of stores(Art.147)
- 26.Payment for stores(Art.148) (Purchased in India, Foreign purchase)
- 27.Stock accounts (Art.149)
- 28.Stock accounts for raw materials, furniture & stores, books, forms and stationary (Art. 150)
- 29.Valuation of stores in stock accounts(Art.151, 152)
- 30.Inspection of stores(Art.153)
- 31.Unserviceable and surplus stores(Art.154,155,156,157)
- 32.Verification of stores(Art.158, 159,160)
- 33.Discrepancies found on verification of stores(Art.161)
- 34.Audit of stores and stock accounts(Art.162)

5. Purchase of Xerox machine/Computer- Non observance of Rules

The Director of Industries and commerce, Thiruvananthapuram accorded sanction (Order No. TC/TC/1104/dated 10.3.2010) for the purchase of a Xerox machine at an estimated cost of Rs. 46,765 by observing store purchase rules and debiting the expenditure under the head 2851-00-001-93. The General Manager DIC, Kasargod issued supply order BI/967/07 dated 15.3.2010) M/s. HR Associates Vazhuthakkad, Trivandrum under DGS &D rate contract for the purchase of Xerox machine. The firm supplied that machine on 16.3.2010 and payment to the supplier was made by DD No. 254096 for rs. 46765 (order No. BI/967/09/dated 24.3.2010).

In this connection following observations are made.

...ase rules and special conditions

27/1/2011
F. C.
22/1/11

1. Purchasing officers can purchase articles covered by Rate or Running contracts settled by the DGS & D, New Delhi or the Store purchase Department, Government of Kerala without resorting to tender system wherever these contracts are economical and easier (Store purchase Rules).

As per the guidelines of DGS & D rate contracts, the indenting officers has to place supply orders direct to the DGS & D and payment for the supply shall also be made as pr the guidelines. Under no circumstance payment be made to the supplier direct. But in the instant case of purchase, the department did not follow the above mentioned procedure and instead effected purchase direct form a firm having a dealership of the said item for which the DGS & D had a rate contract. The purchase made by the department, on the basis of rate settled by the DGS & D, directly from a firm without following tender, may not be economical with reference to the current market rate. No enquiry in this direction had been made before placing supply order to M/s. HR Associates Vazhuthakad.

2. Further, Clause 6 of the DGS&D rate contract (Schedule B), stipulate that the machine shall conform to Guarantee/Warranty clause for a period of 12 months from the date of installation and for which the submission of a bank guarantee for an amount equal to 5% contract value is to be insisted.

But this was not done. In the absence of a valid bank guarantee, the warranty of the product could not be enforced. The failure of the department in observing the store purchase rules and special conditions