

FINANCE DEPARTMENT

OFFICE MEMORANDUM

The 11th December 1995

Subject—Discontinuance of the system of procurement of Stores by Engineering Department

The C. & A. G. Reports contain data relating to misappropriation, defalcation, theft, pilferage, loss and large scale irregularities of Store materials purchased by Engineering Departments which possibly results in huge loss of Government money. Due to prolonged storage of some materials, these at times have to be disposed of. Some times it is noticed that the inventory level in the Stores, in a Department is not commensurate with the Budget Provision. Thus Public funds are being blocked in many cases.

2. With a view to avoiding such situations, Government have been pleased to decide that, with effect from the 1st April 1996, there will be no purchase of departmental store materials, nor banking of materials to show utilisation of budget provision. It will be the responsibility of the Contractor to purchase stores and utilise them in the work. Since materials like cement, steel etc. are easily and abundantly available in all places there will be no difficulty for contractors to procure the same. Therefore, the future agreements with the Contractors should be executed accordingly and necessary modification to the agreement form may be made. In cases where agreement have already been executed for departmental supply of materials, efforts should be made to fulfil the same by utilisation of the existing stores and also through inter-divisional and even inter-departmental transfer of stores. For utilisation of the surplus materials, agreement may however be made for supply of materials to the extent available. In this way the existing materials should be exhausted.

3. Maintenance work should be undertaken by purchasing materials in case of departmental execution of work by directly charging to site account or through Contractors. There should not be advance purchase of materials for the sake of storing and utilising the same in future work. No item of store should be purchased which are available in the Central Store. Therefore, before effecting such purchase a certificate from the Central Store has to be obtained regarding non availability of the particular item of store.

4. Consequent upon introduction of the new system, the Engineers-in-charge of the works will have to exercise strict quality control and ensure that materials used by the Contractors conform to the standard specifications.

5. In case of sanction/release received from Government of India in respect of Central Plan Scheme and Centrally Sponsored Schemes at the far end of the financial year, utilisation of the funds by banking of materials within the financial year should not be resorted to. Since it will not be difficult to convince the Government of India that the expenditure could not be incurred within the financial year due to late receipt of the sanction/release order, budget provision should be taken in the next year and expenditure incurred by obtained revalidation from the Government of India.

6. Stock taking of existing materials available in the store should immediately be made and circulated among the divisions for the sake of inter-divisional transfer, wherever necessary, periodically till the stocks are exhausted.

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Principal Secretary to Government