

**Serial Circular No.148**

15-11(1)/2002-O&M

6th August, 2002

The Directors of all the National Labs/Instts.

Sub: Procedure for "Disposal of Stores"

Sir,

The procedure to be followed for disposal of stores in CSIR is attached as an annexure to this letter. This procedure, which has the approval of the DG, CSIR, shall come into force with immediate effect. The procedure can also be viewed on the website <http://csiradmin.res.in>.

2. Hindi version will follow.

Yours faithfully,

(U.S. Das)  
Stores & Purchase Officer (Vig)

Encl: as above

Copy to:

1. All the Heads of Divisions at CSIR Hqrs/Head HRDG, CSIR Complex, New Delhi
2. Sr.DS/Sr.Dy FA/DSs/Dy.FAs/USs/Sr.FAOs/FAOs/SPOs at CSIR Hqrs
3. DS, Office of DG, CSIR
4. US, Office of JS (A).
5. PA to FA.
6. PA to CVO.
7. PA to LA
8. Office Copy

## **DISPOSAL OF STORES**

### **1.0.0Introduction**

Disposal of stores is one of the most important functions of materials management in any organization. This has become necessary as the equipment and other items tend to become surplus/obsolete, unserviceable etc. over a period of time due to its long usage. The disposal of this type of stores is needed to be done on periodic basis.

### **2.0.0Stages of disposal**

The steps in disposal are as under :

- a. Identification of types of disposable stores - surplus, obsolete, Unserviceable or scrap.
- b. Categorization of item as surplus, obsolete etc.
- c. Consideration by the Standing Disposal Committee
- d. Inspection.
- e. Deciding mode of disposal
- f. Fixation of reserve price
- g. Approval of the Competent Authority
- h. Evaluation of the offers
- i. Accounting Entries
- j. Removal of the disposed off stores by the Purchaser.

### **3.0.0The stores for disposal is divided into the following categories:**

- i) Surplus Stores – Items that are in working order but are not required for use in a particular Section/Division/Institute and stock lying in stores for more than five years shall be deemed as surplus unless there is any good reason to treat them otherwise.
- ii) Obsolete Stores – Items in working order but cannot be put into use effectively being outdated due to change in technology/design.
- iii) Unserviceable stores – Items which are not in working order, outlived its normal span of life and are beyond economic repair.
- iv) Scrap- Process waste, broken & any other item not covered above but has got resale value.
- v) Empties – Empty containers, crates, bottles, plastic jars, drums etc.

#### **4.0.0 Categorization**

The Head of section/ Division shall obtain from users of his section/ division and compile a list of stores that have become surplus/unserviceable etc. citing reasons in the enclosed format. Similarly, Dy. SPO (Stores) will review the stock of all items to determine the slow moving and non-moving items, which will also be put up to the SD Committee for further action. While reviewing such items, SPC, at the time of Purchase will review the usage of such items that are lying unused so as to take a final view on Purchase.

#### **5.0.0 Standing Disposal Committee**

The Standing Disposal Committee may be constituted by the Director in each Labs where a Scientist of the level of Scientist F and above will act as Chairman. The other members of the Committee are one Scientist, one Technical Officer who have the knowledge of the stores related for disposal, COA/AO (SO (G) if there is no COA/AO), SFAO/FAO (SO (F&A) in absence), SSPO/SPO (Dy. SPO in absence). Dy. SPO (Stores) will act as Convener to this Committee. The quorum will be 50%. In case of dissent by any member, the proceedings of the Committee will be referred to the Director whose decision shall be final. The Committee shall meet periodically at least twice in a financial year as and when required.

##### **5.1.0. The functions of the Standing Disposal Committee will broadly include the following:**

- a) It will inspect the materials that are proposed to be declared as Surplus, Obsolete, and Unserviceable etc. by the Heads of the sections/divisions and decide whether the stores are surplus or obsolete or unserviceable as the case may be.
- b) It will decide the mode of disposal. The detailed procedure is at para 7.0.0.
- c) It will fix the reserve price for disposal of items and also arrange to ensure that the lifted items are as per the disposal list.

#### **6.0.0 Inspection**

The Committee shall examine the stores to be declared as surplus/obsolete and unserviceable taking into account the stipulated life period of each item, overall condition of the items, the reasons for obsolesce etc., requirement of such items in future, negligence or mischief or frauds on the part of any individual for such loss. The SDC may appoint a technical committee for the purpose, if required.

### **7.0.0 Mode of Disposal**

The standing Disposal Committee (SDC) will decide one of the following modes off disposal:

- i) By gift to Education Institute within the State
- ii) By transfer to other CSIR Labs.
- iii) By public action
- iv) By limited tendering
- v) By press tender

### **7.1.0 Gift to Educational Institutes**

The items that have been declared as Surplus or Obsolete and are in working order can only be gifted to other recognized educational institutions on the following terms & conditions:

- a) The items of equipment will be offered as gift on “as is where is basis”.
- b) Imported items can be gifted to an educational institution as per the provisions of FEMA/Exchange Control manual (ECM) of RBI.
- c) The title of the equipment will pass on to the receiving organizations on receipt of a formal acknowledgement.
- d) Any cost associated with transfer shall be borne by the receiving organization.
- e) Equipments received as gift under agreement with the international bodies like UNDP/UNESCO etc. would be disposed only in accordance with the terms and conditions agreed to between CSIR & such bodies.
- f) Preference may be given to schools situated within the campus of CSIR labs, Central Govt/ State Govt schools/ training institutes.

### **7.2.0. By transfer to other CSIR Labs.**

A list of surplus/obsolete stores only will be circulated among all CSIR Labs after the Standing Disposal Committee recommends the items as surplus or obsolete. The transfer of these stores from one Lab. to the other will be made on book transfer basis as per enclosed form. The SPO shall furnish the copy of approval of the Competent authority along with copy of transfer voucher to accounts branch to make necessary adjustment in the Balance sheet. However, the confirmation regarding adoption of the value of such assets by the receiving lab must be ensured.

### **7.3.0 By Public Auction**

The Lab. may consider disposal by public auction if the Standing Disposal Committee is of the opinion that this is the most suitable course of action for disposal and the chances of forming a cartel is not there. The decision of engaging a Government recognized auctioneer to conduct a public auction may also be taken by the competent authority if the value of disposal is substantial. Every bidder in Public auction shall have to deposit caution money to become eligible for bidding. The SD committee shall fix the amount of caution money. An EMD of 25% has to be paid by the successful firm at the fall of hammer after adjustment of the caution money. The caution money of the unsuccessful bidders shall be refunded immediately after the auction. The highest bidder shall pay the balance 75% within 5 days and the stores will be handed over to them. The Standing Disposal Committee may attend the public auction or nominate a sub committee to attend.

### **7.5.0 By limited tendering**

The SDC can recommend disposal of stores costing upto Rs.5.000 lakhs by limited tendering for sale of the stores. The tender enquiry should include a condition of EMD as 10% of the quoted price in the shape of DD/BC. The EMD of unsuccessful bidders will be returned immediately in any case within 15 days from the date of opening. The Tender Opening Committee in the presence of the bidders will open the quotations on a particular date and time. The Standing Disposal Committee should ensure fixation of reserve price after the bids have been received but before the same are opened. The time limit for the bidders for taking delivery of the goods after payment of the bid value including amount of penalties for late lifting may be decided on case to case basis by the SDC. EMD of unsuccessful bidders will be refunded immediately.

### **7.6.0 Press tender**

The SDC can recommend disposal of stores costing more than Rs.5.000 lakhs by open tendering. In this case all the procedure outlined above at 7.5.0 will be followed. In addition a charge of Rs.100/- to Rs. 200/- depending upon the cost of disposal may be levied from the bidders towards the cost of tender document. A sample tender document governing the terms and conditions of the sale is enclosed.

### **7.7.0 Sale of Newspaper etc.**

Articles of low or nil value like empties, News papers, Packing wood, plastics, bottles etc. which are voluminous in nature and also hazardous i.e. flammable etc. may be disposed off directly by the SPO after adequate

publicity without reference to the SDC whenever, the need arises on periodic basis, so as to make space available for other purposes.

#### **8.0.0 Fixation of Reserve price**

Once the bids have been received either by the limited tendering or by Press tendering the Standing Disposal Committee will meet to decide the reserve price for disposal of such stores. The reserve price shall be kept in a sealed cover and will be opened after opening of the bids to compare the bid prices with the reserve price. While fixing the reserve price the Committee shall take the overall condition of the item vis-à-vis the market price of such second hand product.

#### **9.0.0 Approval of the Competent Authority**

As per the provision of GFR the authority competent to purchase stores shall be competent to declare the store as obsolete/surplus/unserviceable. Since the powers to purchase store has been decentralized in the Purchase Procedure the Director shall be the competent authority to declare the store as obsolete/surplus/unserviceable and order its disposal as per the recommendations of the Committee irrespective of its value.

#### **10.0.0 Evaluation of the offers.**

After the bids were opened, a comparative statement will be prepared by SPO. The highest bid will be compared with the reserve price. If the highest bid price is more than the reserve price, the approval of the competent authority will be taken and the items will be offered to the highest bidder. In case, the highest bid price is less than the reserve price, the SDC will once again go through the reserve price to take a decision either to recommend disposal at the highest bid price if the difference between the reserve price and highest bid price is less than 20% or to negotiate with the highest bidder to increase his bid price above the reserve price or to re-tender.

#### **11.0.0 Accounting Entries**

Immediately after obtaining the approval of the Director to declare the items surplus/obsolete/unserviceable, these items will be removed from the Stock Ledgers with suitable entries and shall be entered in the Disposable Stores Register, which will be maintained in the Stores in the format given as Annexure. Office Memorandum containing details of item, its value and head of account etc. will be issued by the Stores & Purchase Officer conveying the approval of the Competent Authority to declare such items surplus/obsolete/unserviceable and also convey the items to be written off in the books of Accounts of the Laboratory/CSIR. A copy of

each order declaring Stores surplus/ obsolete/ unserviceable should be endorsed to the Finance & Accounts Officer of the Laboratory as per the procedure.

Based on the OM issued by the SPO, Finance & Accounts Officer of the Laboratory shall reduce the value of assets & liabilities in the Annual Accounts of the Laboratory/CSIR.

#### **12.0.0 Removal of the disposed off stores by the Purchaser**

The delivery of the stores will be given to the highest bidder or his authorized representative only after the full payment is deposited in cash or through BC/DD. On production of the receipt, the Stores Officer will physically hand over the item(s) sold to the party and issue the Gate Pass enabling the purchaser to take out the items sold. The details of the items sold to him should be available with the out gate pass in order to facilitate security check etc. Stores Officer shall also record disposal/removal of the stores in the relevant columns of the Disposable Stores Register, which has to be a permanent record with the Stores.

COUNCIL OF SCIENTIFIC & INDUSTRIAL RESEARCH  
RAFI MARG NEW DELHI 110 001

FORM FOR DECLARING A STORE AS SURPLUS / OBSOLETE/  
UNSERVICEABLE.

Name:

Designation

Section

Sl. No.	Description of stores	Quantity	Issue Voucher No. &
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			date/ PIR ref.

1.0 Certified that the item referred above is in working order but is no longer used by me/ my division. The item may be declared as surplus.

2.0 Certified that the item referred above has become outdated technically and is not useful within the laboratory. The replacement parts are also not available for its repair and so same may be declared as obsolete.

3.0 Certified that the item mentioned above has lived a normal life of \_\_\_\_\_ years and become unserviceable due to normal wear & tear. The item is beyond economic repair and thus may be declared as unserviceable.

Indentor

HoD/ PL

Section B to be filled in by the SDC.

The material in question has been inspected by us and found to be surplus/ obsolete/ unserviceable due to its normal wear & tear. The committee recommends the following course of action for its disposal.

- By gift to Education Institute within the State.
- By transfer to other CSIR Labs.
- By public action
- By limited tendering.
- By press tendering.



Member      Member      SPO      Sr. FAO      COA

Chairman

#### Sample tender document

- 1.The tenders should be submitted in sealed covers. Open tenders will be rejected.
- 2.The materials offered for disposal is on “ AS IS WHERE IS & WHAT IS BASIS” Ex-godown in unpacked condition. Taxes & duties that may be levied by the Govt. will be extra as applicable.
- 3.The purchaser may inspect the materials on any working day between 10:00 AM to 1: PM by prior appointment to satisfy themselves about the quality & condition of the materials offered. No complaint whatsoever will be entertained after the tenders are

submitted or before or after the materials are lifted. No request for samples or inspection after submission of the tender will be accepted.

4. Tenders should clearly quote their rates Per Kgs/ Per Lot/ Per unit as asked for both in figures and in words exclusive of any taxes and duties. Any overwriting in rates or any change and/or alteration without attestation is liable to culminate in the outright rejection of the tender. In case there is any error between the amount specified in figures and words, the higher of the two will be taken for consideration.
5. Tenders should be valid for a period of 30 (thirty) days from the date of opening of the tenders.
6. Earnest Money deposit equivalent to 10% of the amount quoted is to accompany the bids in the shape of Bankers Cheque/ Demand Draft/ cash receipt showing deposit of cash with the lab/ bank guarantee. Tenders not accompanied by EMD will be rejected. No interest will accrue on the EMD so deposited.
7. The balance money less the EMD already deposited should be paid within 5 days from the date of issue of award letter by cash or DD/BC. The cash receipt will be presented to the Dy. SPO (stores) for delivery of the goods within 10 days from the date of issue of award letter. In case the store is not lifted within the time specified ground rent as decided by the committee per lot per day will be charged from the purchaser for a further period of 7 days. The materials not so removed will be treated as abandoned lots and the EMD and other sums paid for the lot will be forfeited without any reference to the purchaser.. For such abandoned lots, the institute/ lab reserves the right to re-sell.
8. The materials will be allowed to be lifted between 10.00 AM to 4.00 PM on any working days. No picking, Choosing or sorting will be allowed in the premises for the disposal lots.

9. Mis-description or error in quantity will not invalidate a sale. A proportionate refund will be made to the purchaser when the weight or number delivered is less than that have been specified in the tender.
10. The facility for weighing if available will be provided at the site of the materials. But the labour, transport and other arrangements will have to be made by the purchaser at their risk, cost and responsibility. In case such facility is not available, the purchaser shall have to make its own arrangement and weighing is to be made in the presence of our representative.
11. The person authorized by the purchaser will be allowed to take delivery.
12. The lab reserves the right of withdrawing from the sale of any material or lots at any stage without assigning any reasons therefor.
13. The address given in the tender shall be deemed to be the Purchaser's address and correspondence sent on that address shall be considered to have been delivered to the purchaser. No claim will be entertained for the reason of forfeiture of the sum deposited in case the correspondence is returned back undelivered.
14. The tenders duly completed as per the instructions given herein will be delivered upto \_\_\_\_\_ at \_\_\_\_\_.
15. Tenders so received will be opened in the presence of the bidders, if any at 3.30 PM on \_\_\_\_\_.