

# RATIONALISED PURCHASE PROCEDURE



COUNCIL OF SCIENTIFIC AND INDUSTRIAL RESEARCH  
RAFI MARG, NEW DELHI-110001

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### 1.0.0 Introduction

The provision of adequate, uninterrupted and timely supply of materials to bench level scientists is a pre-requisite of scientific research. To achieve this end, the machinery of purchase in scientific laboratories should be geared for achieving optimum efficiency. The principle underlying for such purchases should include cost effectiveness and the time element in which it is to be effected as also to build an adequate and required system of inbuilt checks and balances. An another aspect of administration, the CSIR working requires, is a more flexible and simplified purchase procedure even though it could follow the broad principles on which the General Financial Rules of the Government have been modelled. The system of purchase will have to be evolved in such a way that not only it integrates the various elements of the Administrative system including Administration, Finance and Purchase but it should also deal horizontally and vertically with the system of Scientific Administration.

### 2.0.0 Existing System

Various steps in the existing purchase procedure, although varying from lab. to lab., could be summarised as under :

- i) Placing of the indent by the bench level scientist through his Divisional Head to the Purchase Section.
- ii) Recording of "No Stock Certificate" and the particulars of the previous purchases, by the Stores Department.
- iii) Inviting tenders, where-ever required.
- iv) Processing of tender papers by the Purchase Department and obtaining recommendations of the indenter.
- v) Pre-audit of purchase proposals by the Finance & Accounts Department.
- vi) Obtaining expenditure sanction of the competent authority.
- vii) Placing of orders.



### 3.0.0 Suggested Procedure

In order to meet the objectives mentioned above the following purchase procedure is suggested:

#### 3.1.0 Categorisation of purchase

The purchase in CSIR could be categorised in the following three broad categories:-

- 3.1.1 Procurement of items which are needed frequently, regularly and repeatedly such as general chemicals, solvents glasswares, sanitary stores, hard-ware items, paints, oils, lubricants, photographic material, drawing material, stationary items, soaps, detergents and other cleaning material, building material, electric goods and electronic components required for maintenance and replacement, spare parts etc.,etc., for which minimum and the maximum levels have to be maintained in the stores of the lab.
- 3.1.2 Anticipated one time purchases which are infrequent such as special chemicals, special tools, glass apparatus, equipment, machinery, plants, special accessories, furniture items, cement, steel, on specific demands of the indenter.
- 3.1.3 Unanticipated emergent and shut down purchases required to be made at short notice in the event of break down or crisis.

N.B.: The items mentioned at 1 & 2 above are illustrative and may vary from lab. to lab.

In order to deal with the above categories of purchases the following mechanism\procedure is suggested:-

#### 3.2.0 For the itemr falling under category (1) above (procurement of items of general nature)



### 3.2.1 Operaton of Data base\Data bank

In order to take proper view of the consumption of such items during a given period and to assess the demands realistically, it may be desirable to have a data base/data bank in respect of:

- Minimum\maximum levels for each such items after these have been fixed by the Standing Purchase Committee.
- Various sources for supply of such items.
- Set of specifications for each such item.
- Information about the rate contracts already entered into by DGS&D, State Govt., State\Central Public Undertaking, other CSIR laboratories etc;
- Present stock position.
- Previous purchase particulars, and
- Any other information relevant to the above.

This data base will normally be on the computer\floppy and it shall be the responsibility of the Sr. Stores and Purchase Officer, incharge of the Purchase and Store in the lab. to keep this data base up-to-date.

### 3.2.2 Constitution of Standing Purchase Committee - |

In order to deal with the above categories of purchase, a standing committee will be constituted in each lab. under the chairmanship of Administrative Officer. Other members of the Committee will include Sr. Stores & Purchase Officer Sr.F&AO\F&AO of the lab\instt. and a scientist, to be nominated by the Director. The Sr. Store & Purchase Officer will act as a convener of this Standing Purchase Committee. The broad function of this committee will include,

- to fix the minimum and maximum levels of each such item,
- to decide periodicity of procurement of each such item,
- to examine the specifications and to make them broad based where-ever necessary.
- to decide the method of procurement of each such item after studying the data retrieved from the data bank for relevant items.



The committee may recommend one of the following modes of procurement for such item i.e.

- if the item is of the proprietary nature, from the manufacturer\their sole agents\distributors. However, procurement of items of this nature should be resorted to where it is in-escapable.
- in other cases through the firms who have already rate contracts with the DGS&D, Central\State Public Undertaking or other CSIR labs.

In such a case the concerned Lab\Instt will conclude its own rate contract with the concerned suppliers, on the same terms and conditions as agreed to by them with the other Departments. Such rate contract shall, inter-alia, also include a clause that the supplier shall not sell these items at a lesser price to other customers than those given in the rate contract and shall refund the difference in the event of their supplying such items at a lesser rates to other customers, during the currency of such rate contracts.

- to procure these items from recognised cooperative stores such as super bazars, State Civil Supplies Corporations, Central\State consumer cooperative stores etc. in case these items are available in such stores across the counter, at fixed\displayed prices. ( This will be limited to small value items only. For bulk purchase of high value items, open/limited tenders as suggested below should be invited.)
- to invite open\limited tenders and conclude running rate contract\quantity rate contract for a specific period.

In case committee decides to recommend inviting open tender, it shall also recommend one of the following methods of inviting open tenders i.e. by display on notice board and other important places, advertisement in a local\Regional\National newspaper, their numbers and their editions, (taking into account the various factors including the cost of advertisement in such papers.)



- To make recommendation after the receipt of the tender\quotation.

The advice of the SF&AO\F&AO of the instt. will not be normally over-ruled. In case the committee decides to over-rule his advice for the reasons to be recorded, the matter will be put up to the Director along with note of dissent, for final decision.

Committee will be authroised to co-opt any other member to assist in their functions. The role of co-opted member will be that of advisory nature.

The committee will meet once in a month or as often as necessary.

(NB : where chairman disagrees with the committee, the decision of majority will prevail. In case of tie, the chairman will have a casting vote.)

### 3.2.3 Allocation of Budget

For procurement of such items the Director in consultation with the chairman of the Standing Purchase Committee, Planning scientist and SF&AO will allocate budget under various budget heads like P4,P6,P7,Q7, capital heads and major sponsored projects for the year, and it will be notified to all concerned. Scuh allocations will be reviewed from time to time taking into account over-all availability of resources and progress of expenditure.

### 3.2.4 Sanctioning authority

Sanctioning authority for procurement of such stores will be Administrative Officer\Sr. Stores and Purchase Officer, as the case may be. ( The power to sanction expenditure will be upto the maximum of budget allocation.)

### 3.2.5 Nodal point for initiation of indent

Nodal points for initiation of such indents will be the Store Officer\Sr.Stores & Purchase Officer.



3.3.0 For procurement of items under category (2)  
(anticipated one time purchase)

3.3.1 Initiation of indent

The indent for procurement of store under this category will normally be initiated by the bench level scientists through their Project Leaders and sent to Stores and Purchase Officer for necessary action. He will, inter-alia, indicate in the indent:

- complete set of specifications of the item(s) to be procured.
- name of the manufacturer\suppliers in case it is declared a proprietary item, with detailed justification.
- various sources of supply, if these are already known. (These will be indicative. The committee shall decide about possible sources after getting inputs from other members of the committee including Stores and Purchase Departments.)
- approximate period within which he expects the supply to be arranged (bearing in mind normal time taken for procurement of such items.)

3.3.2 Constitution of Standing Purchase Committee -II

For procurement of items under this category a Standing Purchase Committee shall be constituted, under the chairmanship of scientist of "F" level or higher in the lab. The other members of this committee shall be Sr. Stores & Purchase Officer, SF&AO\F&AO of the lab\instt. and one or two scientists to be nominated by the Director. The concerned Project Leader shall be invariably co-opted as a member of the Committee. (The co-opted member in this case will act as a full-fledged member having full voting rights.)

The function of the committee will inter alia include:

- vetting of specifications and making it broad based as far as possible.
- To decide one of the following modes of procurement i.e.



- i) to invite single tender if it is satisfied that the item is of proprietary nature.
  - ii) to invite limited tender where the sources are known and the stores could be procured from specified suppliers.
  - iii) to invite open tenders by sending advertisement in the Local\Regional\National newspapers and the number of papers with their editions (taking into account the various factors including the cost of advertisement in such papers).
  - iv) to procure it from recognised co-operative stores.
- to make recommendation after receipt of tenders\quotations.

Note: For the purpose of co-option to the committee as member, the Project Leader shall be such scientists who are declared as Project Leader for major CSIR identified Thurst Area Projects, National\Society Mission Projects and other major projects in the lab. For small projects in the various divisions\ disciplines in the labs. the concerned Head of Division\Area\Discipline Coordinator shall be Project Leader for all such projects.

### 3.3.3 Allocation of Budget

The Director, in consultation with the Project Leader, planning scientist and the SF&AO will allocate funds for each project, in the beginning of the year, which will be notified to all concerned. The position regarding funds will also be reviewed from time to time taking into account over-all availability of resources and progress of expenditure. Project Leader will be authorised to operate within the allocation of funds so made.



### 3.3.4 Sanctioning Authority

The sanctioning authority for procurement of these stores will be the Project Leader irrespective of the cost involved, subject to condition that the expenditure is within the funds allocated for the project during the year.

The advice of Project Leader and of Sr. F&AO/F&AO of the lab. will generally not be over-ruled. Similarly, the opinion of the concerned Project Leader will also not be over-ruled. In case it is recommended to over-rule their advice/opinion, as the case may be, the matter will be placed before the Director with note of dissent of the concerned officer, for final decision.

N.B.: Where chairman disagrees with the Committee majority decision will prevail. In case of tie the chairman will have a casting vote.

### 3.4.0 For procurement of items under category (3)

#### (Purchase of unanticipated emergent items)

Where the demands are unanticipated and emergent, which cannot wait following of regular purchase procedure as outlined for anticipated procurement of stores, the following procedure will be followed:

#### 3.4.1 Initiation of Indent

The indent in such cases shall be initiated by the bench level scientist and sent to the Purchase Officer through their Project Leader. This indent will be distinctly marked as "Emergent Purchase" and will include the following information:

- complete set of specifications for the items to be procured.
- dead -line within which the supply is desired to be arranged.
- the source(s) of supply, and
- complete justification as to why the demands could not be anticipated and the consequences if the supply is not received by the indicated date.

Such indent will be directly placed before the Standing Purchase Committee to decide the mode of procurement.



### 3.4.2 Constitution of Standing Purchase Committee -III

For procurement of such items, a Standing Purchase Committee will be constituted under the chairmanship of a senior scientist. The other member of the committee shall be Sr. Stores & Purchase Officer \Purchase Officer, SF&AO\ F&AO one or two scientists to be nominated by Director as core members. The concerned Project Leader will be the convener of this Committee. The Standing Purchase Committee after satisfying about the gravity of of situation and dead-line set by indentor or by the Committee itself, will decide on one of the following modes of procurement :

- to depute a sub-committee consisting of representatives of SPO, Finance and the indentor to survey the market, select the material and to obtain hand quotations and place them before the Standing Purchase Committee for making final recommendations.
- to authorise the said sub-committee to finalise the purchase on the spot after surveying the market.
- to authorise Purchase Officer to make enquiries on telephone, pending written confirmation from the concerned supplier and arrange for the procurement of stores, if in the opinion of the Standing purchase Committee cost involved is not large.
- to authorise the indentor himself to make cash purchases, if in the opinion of the said Committee, it is so desirable in the circumstances of the case. The indentor will certify that he has surveyed the market and the rates charged are competitive and are not in excess of the prevailing market rates.
- to delegate standing authority to the concerned Project Leader/Indentor to go in for cash purchase, upto a certain limit, in the event of shut down/crisis and it is not possible to convene the meeting of the committee due to insufficient time, holidays etc. Such authorisation may also be exercised by the concerned Project Leader in case the purchase have to be effected at the outstations in the exigencies of public service.

(NB : procurement of items under



this category will be kept at minimum as far as possible. Adequate care will be taken by the laboratory management to keep a minimum stock of items of general nature to avoid procurement of such items on emergent basis.)

### 3.4.3 Sanctioning Authority

For procurement of such items, the sanctioning authority will be the Project Leader who will accord expenditure sanction within the limits of allocated funds for the project, during the year.

The above procedure will also apply for procurement of non-standard items such as purchase of special items of furniture, furnishings, decorative items like, lamp shades, flower vases, crockery cutlery, bed linen, curtains, where the design, quality, workmanship etc. is non-standard and will generally differ from one manufacturer to another.

The advice of Sr. F&AO/F&AO of the lab. will generally not be over-ruled. Similarly, the opinion of the concerned Project Leader will also not be over-ruled. In case it is recommended to over-rule their advice/opinion, as the case may be, the matter will be placed before the Director with note of dissent of the concerned officer for final decision.

(NB : where chairman disagrees with the committee, the majority decision will prevail. In case of tie the chairman will have a casting vote.)

### 4.0.0 Frivolitisation of purchase of equipment, machinery, plant etc.

The Director may appoint a committee in order to determine the priorities of equipment, machinery, plant etc. for various projects including infrastructure and general facilities for purchases during the year. This committee will also review the priorities periodically taking into account critical requirements of the project, actual supply position, availability of overall resources etc. Such priority list duly approved by the Director will be notified to all concerned.

### 5.0.0 Negotiation Committee

In all categories of the purchases mentioned above, where it is considered necessary to enter into negotiations with the tenderers, taking into



account the variations in the specifications of the equipment/stores offered by various tenderers as also the amount involved in such purchases like purchase of computer systems, heavy equipment, machinery, plant, bulk purchase of stores, etc., the concerned Standing Purchase Committee may appoint a Negotiation Committee or act itself as the Negotiation Committee. Such committees will also be empowered to shortlist the number of suppliers and who satisfy the minimum requisite specifications and enter into negotiations with those suppliers.

#### 6.0.0 Advance Payments

The advance payment to the suppliers will be governed by the rules and orders issued on the subject by the CSIR from time to time. In case of foreign purchases, where 100% advance payment along with order is the pre-condition, the Director will be authorised to approve such advance payment to the extent RBI foreign exchange regulations permit subject to such safeguards as are considered desirable and necessary.

#### 7.0.0 Pre-audit of purchase proposals

Since the SF&AO of the Lab/Instt. or his nominee will be the member of all the Standing Purchase Committees, it will be no longer necessary to get all the purchase proposals pre-audited. The action for procurement will be taken by the Purchase Officer on the basis of final recommendations of the Standing Purchase Committee and the expenditure sanction within the over-all budget provision. The system of pre-audit will be substituted by concurrent audit. In this system SF&AO\F&AO of the Lab. may call for any file relating to purchase of any item and at any time to satisfy himself whether the purchase procedure has been correctly followed, and the purchase is being effected in accordance with the rules. If on such examinations, he finds that this has not been properly done, he may refer the file back to Purchase Officer for furnishing such clarifications which he may consider necessary. In the event of serious discrepancies coming to his notice he will send a report of his findings to the concerned Standing Purchase Committee, Administrative Officer and Director of the Lab., to sort out the matter.



## 8.0.0 Miscellaneous

### 8.1.0 Provision of Catalogue\Documentation services

The Purchase Department at the CSIR Hqrs. will arrange to get catalogues, price lists, Directories of suppliers and other documents concerning procurement of stores\material\equipment machinery from various firms within and outside the country and maintain a classified lists of all such items. These lists will be periodically circulated to all CSIR labs., for drawing out specifications, various sources of supply, prices etc.

Sr. Stores & Purchase Officer at the lab. level will also arrange to provide similar services on the basis of the information received from the Hqrs. and those collected by him at local level to the indentor and to the Standing Purchase Committee for taking decisions in certain matters. Such catalogues will be properly documented and will be kept up-to-date, at the Hqrs. level as well as lab. level.

### 8.2.0 Review and Appraisal

Since the system of pre-audit will now be substituted by the system of concurrent audit, the Internal Audit Parties and Stores Verification Teams of the Hqrs. will also conduct Internal Audit of the purchase proposals finalised in the lab., during a given period and submit their observations to the Director and the concerned authorities at the Hqrs. periodically.

The procedure outlined above is a new experiment in the field of Scientific Administration. This procedure shall be under constant review during the initial period of its implementation. Suggestions received from the lab\ Instt. from time to time for its improvements shall be duly considered by the CSIR Hqrs. and necessary modifications made.

After some time a comprehensive review will be under-taken by the CSIR Hqrs. for further modifications\improvements of the system as might be considered necessary and desirable.



### **8.3.0 General**

**8.3.1** The operation of the above procedure will be in supercession of all existing Rules & Instructions. In respect of items\areas which are not covered in the above procedure, the provisions made in the GFR will be operative.

### **8.3.2 Interpretation**

In case of any doubt on the interpretation of this procedure, matters can be referred to Financial Adviser, CSIR whose decision shall be final.

### **8.3.3 Relaxation**

The DGSIR in consultation with Financial Adviser, CSIR may relax any of the provisions outlined in this procedure.



