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**INDIAN
STORES DEPARTMENT**

**Its Organization and
Functions.**

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INDIAN STORES DEPARTMENT.

Its Organization and Functions.

I.—INTRODUCTION.

The object of this pamphlet is to enable those who make use of the Indian Stores Department to understand its organization and scope and to obtain their requirements of stores with the minimum of labour and delay.

II.—ORGANIZATION AND FUNCTIONS OF THE DEPARTMENT.

2. A diagram showing the organization of the Department is appended.

The Headquarters' office is located at Simla, from the middle of April to the middle of October, and at the Imperial Secretariat, New Delhi, from the middle of October to the middle of April. "Storind, Simla|New Delhi," has been registered as its telegraphic address. The office comprises :—

- (a) The Administration and Intelligence Branch,
- (b) The Purchase Branch, and
- (c) The Inspection Branch.

3. The Administration and Intelligence Branch deals with questions relating to policy, rules and procedure and establishment, and is in administrative control of the entire work of the Department, including the Purchase and Inspection of stores. **Administration and Intelligence Branch.**

4. The Intelligence Section collects intelligence as to sources of supply and capacity and reliability of firms in India and abroad. Enquiries in regard to these matters should be addressed to the Chief Controller of Stores, Indian Stores Department (Intelligence Section), New Delhi|Simla. Information available will always be furnished, but it must be understood that definite rates, at which a particular order can be placed, can only be given after calling for tenders and the Department cannot undertake to call for tenders unless it is the enquirer's *bona fide* intention to purchase the stores through the Department.

5. Copies of Home indents and orders on firms abroad are forwarded to the Indian Stores Department by all indenting authorities, after despatch to the Director General, India Store Department, London, or to firms abroad. These are scrutinized in the Intelligence Section and indentors are informed of any items which should, under the Stores Rules, have been obtained in India, with the object of diverting such demands to the Indian markets. The indenting authorities are also informed of the likely source of supply in India.

6. This Section also maintains a list of firms approved for the supply of important plant and machinery and iron and steel work, under the Rules for the supply of articles required to be purchased for the public service. The list is revised and published from time to time. The publication can be obtained from the Manager of Publications, Civil Lines, Delhi,

and the Government of India Book Depot, 8, Hastings Street, Calcutta.

7. Besides the list prescribed under Rule 4 of the Central Store Purchase Rules, the Department maintains, for its domestic use, a list of approved contractors for stores other than those covered by the rule cited above. This list is, however, maintained on cards and copies thereof cannot be supplied to any one.

Purchase Branch.

8. The Purchase Branch at Headquarters comprises three sections :—

- (A) Engineering Section (dealing with plant and machinery, steel structures, railway, electrical and water supply stores).
- (B) Miscellaneous Section (dealing with metals, oils and paints, hardware and miscellaneous stores).
- (C) Textiles Section (dealing with textiles, leather and allied stores).

The officers in charge of these sections and their assistants are men with a practical commercial knowledge of the stores dealt with.

Provincial Circles.

9. Provincial purchase offices are located at Calcutta, Bombay and Karachi. The officers in charge of these offices are authorized to receive indents up to certain monetary limits direct from indentors (see paragraph 47) and to comply with them from sources within their local areas. Indents received at Headquarters for articles of relatively small value, which cannot be obtained under a "running" or "rate" contract or combined with the demands of other indentors, are transferred to the provincial offices for compliance, subsequent correspondence with the indenter being conducted by the latter direct, thus facilitating expeditious supply.

10. The postal and telegraphic addresses of the provincial purchasing officers are :—

<i>Postal Address.</i>	<i>Telegraphic Address.</i>
Controller of Purchase, Calcutta Circle, Indian Stores Department, 6, Esplanade East, Calcutta.	Storechase, Calcutta.
Controller of Purchase, Bombay Circle, Indian Stores Department, Hararwalla Building, Ballard Estate, Wittet Road, Fort, Bombay.	Storechase, Bombay.
Controller of Purchase, Karachi Circle, Indian Stores Department, Sat Sarup Building, Victoria Road, Karachi.	Storechase, Karachi.

11. The function of the purchase branch is to receive indents and arrange for compliance with them by placing contracts with supplying firms. Orders are placed in accordance with the "Rules for the supply of articles required to be purchased for the public service" issued by the Government. The rules issued by the Local Government concerned are observed in the case of indents received from Governors' Provinces.

**Functions
of the
Purchase
Branch.**

12. The Indian Stores Department is authorized to arrange for the purchase and inspection of stores on behalf of all Government Departments, Central as well as Provincial, State and Company Railways, Indian States and quasi-public bodies in India. It must be understood, however, that the department acts merely as an agent in this connection and is not in any way responsible as principal either to the seller or to the buyer.

13. The Indian Stores Department holds no stocks of stores of any kind. On receipt of an indent supply is arranged either by placing a separate order for the stores demanded or by combining the demand with others for compliance under a general contract, or, where convenient, under a "running" or, "rate" contract.

14. The Indian Stores Department can arrange for the supply of all classes of stores except :—

**Classes of
stores
dealt with.**

- (1) Foodstuffs and forage.
- (2) Lethal stores.
- (3) Stationery stores, printing stores, and office machinery and appliances as detailed in the appendix to the Rules for the Supply of Printing and Stationery Stores for the public service (Appendix 4-A of the Civil Account Code, Volume I).
- (4) Medical stores.
- (5) Mathematical instruments, which under standing orders are to be obtained from the Mathematical Instrument Office.
- (6) Scientific instruments and accessories of a special character which involve a departure from standard.
- (7) Straw, firewood and charcoal.
- (8) Road metal, bricks, stone, marble and similar building materials, lime, sand and chalk.
- (9) Indian made wooden and cane furniture, country carts, boats and ordinary packing cases, hand carts, trucks and trolleys which can be satisfactorily and economically obtained from local sources.
- (10) Other classes of stores of a value not exceeding Rs. 100 in each case, except stores for which running or rate contracts have been placed by the Indian Stores Department, in respect of which the

Department is prepared to undertake purchase irrespective of their value.

The Department is also prepared to make purchases of articles costing less than Rs. 100 in value in special cases in which indenting officers find it difficult or inconvenient to make purchases direct (*vide* paras. 15-16).

**Petty
indents.**

15. It should be understood that although the Indian Stores Department can, if necessary, undertake the purchase of any item, however small its value, it is neither economical nor expeditious, because of the routine procedure involved, to indent on this Department for petty articles of ordinary trade supply which the indenting officer can himself obtain locally. Indents for articles of petty value should not, therefore, be sent unless there is some real advantage in doing so, *e.g.*, special articles of which careful inspection before despatch is necessary, or articles for which a rate contract exists.

16. No orders will be placed for stores of less than rupee one in value. If an indent is received for an article of such value, the indenter will be informed by the officer receiving the indent of the source of supply and instructed to obtain the article or articles direct. In the case of requisitions of less than Re. 1 in value against a rate or running contract, the indentors should instruct the firm to send bills *on their own forms* to consignees direct. Such supplies will not appear in the accounts of the Indian Stores Department or of the Audit Officer, Indian Stores Department.

**Running
and rate
contracts.**

17. A "running" contract is a contract for the supply of an approximate quantity of the stores detailed in the schedule annexed thereto at a fixed price during a certain period.

18. The approximate requirements of a number of indentors for the period in question are combined and the contract provides that any of these indentors may demand their requirements at any time during the period of the contract either direct from the firm or by indent on the Indian Stores Department. Demands against these contracts are carefully watched by the Department and the contracts usually provide for an increase or decrease of the approximate quantity specified in the schedule within certain limits at the option of the buyer on his giving due notice. If at any time during the currency of the contract it appears probable that the quantity estimated is likely to prove a considerable under or over estimate, adjustments are made as necessary.

19. One great advantage of this type of contract is that it enables the small indenter to obtain the advantage of prices quoted for large quantities. For instance, a contract is entered into for the approximate requirements of the Army of khaki drill for a year, which may amount to one million yards. Any indenter requiring drill to the same specification, however small the quantity, can obtain his requirements at the contract price, by combining his demand with that of the Army.

20. A "rate" contract is a contract for the supply of the stores detailed in the schedule thereto, at fixed rates, during the period covered by the contract. No quantities are mentioned in the contract and the contractor is bound to accept any order which may be placed on him by the Indian Stores Department at the rates specified. As a reciprocal consideration, the Department undertakes to order from the contractor all stores under the contract which are required to be purchased, subject to certain reservations for submitting prices to competition and for dividing the contract between more contractors than one when necessary.

21. Favourable quotations are usually obtained for this type of contract because the contractor is assured of regular demands. It has the further advantage to the indenter of enabling him to obtain his requirements without the delay involved by calling for tenders for each demand.

22. A list of the "Rate" and "Running" contracts in force will be furnished on application. Copies of the contracts are supplied to indenting officers who intend to obtain their requirements against the contract. Drawals against the contracts arranged by the Indian Stores Department are permissible only for the *bona fide* use of Government Departments, Company Railways, Indian States or Quasi Public bodies, and not for private parties or for private use of Government officers.

23. Orders are, as a rule, placed against carefully prepared specifications or against sealed samples. Except in cases where the indenter specifically stipulates that inspection by the Indian Stores Department is not required, all stores purchased are inspected before despatch by a fully qualified staff of inspectors. This ensures that the stores tendered are exactly in accordance with the specification or sample against which the order was placed, if such there be.

Procedure
for the
placing of
orders.

24. Orders are placed, as far as possible, only with firms borne on the list of "Approved Contractors" to the Indian Stores Department, and the greatest care is taken to ensure that no firm is registered on this list unless its reliability has been fully established. The list is overhauled periodically and the names of contractors who have failed to give satisfactory service are removed from it.

25. Ordinarily all orders, the cost of which is estimated to amount to Rs. 5,000 or over, are advertised in the Indian Trade Journal, Calcutta, which is the standard medium for advertising the requirements of the Department. If considered necessary, advertisements are also published in important newspapers. When it is found not practicable to advertise because the supply is required urgently or because the goods required are of proprietary manufacture, or because the value of the stores required is below Rs. 5,000, an invitation is issued to a limited number of firms borne on the list of "Approved Contractors".

Inspection Branch. 26. The Inspection Branch is the Technical Branch of the Department.

The following are its main functions :—

- (1) To prepare specifications and drawings required to enable tenders to be called for and to seal and maintain samples of stores to be bought to sample.
- (2) To assist and advise the purchase branch in regard to the placing of orders when necessary.
- (3) To furnish indentors with technical advice as to the particular types of articles which will suit their requirements, with a view to economy, efficiency and the encouragement of indigenous products.
- (4) To furnish advice to manufacturers and consuming departments with a view to development of Indian industries.
- (5) To undertake investigations with a view to effect standardization of patterns.
- (6) To co-ordinate the work at the Provincial Inspectorates.

Provincial Inspectorates. 27. The Inspection Branch has inspectorates located at places noted below :—

Postal address.	Telegraphic address.
The Metallurgical Inspector, Indian Stores Department, Burma Mines, Tatanagar.	Metalspect, Tatanagar.
The Superintendent, Government Test House, 13, Judge's Court Road, Alipore, Calcutta.	Testhouse, Calcutta.
The Controller of Inspection, Calcutta Circle, Indian Stores Department, 6, Esplanade East, Calcutta.	Storspect, Calcutta.
The Controller of Inspection, Bombay Circle, Indian Stores Department, Harsarwalla Building, Ballard Estate, Wittet Road, Fort, Bombay.	Storspect, Bombay.
The Inspector-in-Charge, Upper India Circle, Indian Stores Department, Attar Singh Building, The Mall, Lahore.	Storspect, Lahore.
The Inspector-in-Charge, Karachi Circle, Indian Stores Department, Sai Sarup Building, Victoria Road, Karachi.	Storspect, Karachi.
The Inspector-in-Charge, Madras Branch, Indian Stores Department, Old High Court Buildings, Madras.	Storspect, Madras.
The Inspector-in-Charge, Cawnpore Inspection Branch, Indian Stores Department, 254, Nawabganj, Cawnpore.	Storspect, Cawnpore.

28. These organizations undertake the analyses, tests and investigations of chemicals and other stores, and inspection of materials purchased by the Indian Stores Department. The services of the Department can also be utilized by Government Departments, Company Railways, Quasi-Public bodies and Indian States as well as by private parties in India for the inspection of stores, orders for which are placed by the consuming authorities direct, and for the testing and analysis of materials at the Government Test House and the Metallurgical Inspectorate. Requests for inspection of stores not purchased through the Indian Stores Department should be addressed to the nearest Inspectorate, or to the Chief Controller of Stores, Indian Stores Department, Inspection Branch, on form I. S. D.-40, copies of which can be obtained from the office of the Chief Controller of Stores or any inspectorate free of charge.

29. The fees for the services rendered by the Indian Stores Department are detailed in Section V of this brochure. Where necessary, inspection in the country of origin is also arranged through the Director-General, India Store Department, London. The fees levied by the Department include inspection in the country of origin.

30. In order to afford facilities to Indian Railways to purchase from stocks held in India all classes of Railway materials of non-Indian origin, which require inspection and test during manufacture—particularly special parts of high grade, value and quality, such as railway axles, tyres, springs, and spring steel—an arrangement has been introduced under which importing firms are placed in communication with the Director-General, India Store Department, London, who arranges for the inspection on behalf of the firms at a charge of $1\frac{1}{2}$ per cent. for work executed in Great Britain and $2\frac{1}{2}$ per cent. for work executed on the Continent, subject to a minimum charge of £2/10/- and £5/- respectively, in the case of individual calls for inspection in Great Britain and the Continent. This percentage is based on f. o. b. price of the stores and the firms are at liberty to take this charge into account in assessing their sale price.

Pre-ins-
pection of
stores to be
imported
from
abroad.

31. The material, on importation into India, is certified by the inspecting officers of the Department stationed at Calcutta, Bombay and Karachi, as having been inspected before despatch by the Director-General, India Store Department, London. In the case of special demands, the scheme will be extended to Madras.

32. No charges are made by the Department for this work, which is intended to encourage importing firms to stock certified materials in India in order to meet urgent demands from Railways.

II.—PREPARATION OF INDENTS.

33. Indents should be submitted on the standard Indian Stores Department indent form, supplies of which can be obtained from the office of the Chief Controller of Stores or from any of the Purchase Circles at Calcutta, Bombay and Karachi.

34. It is essential that the appropriate certificate about availability of funds, on page 4 of the indent form, should be completed on all indents the cost of which is adjusted through exchange accounts. In the absence of this certificate, or a deposit receipt in the case of non-Government indentors (*vide* para. 67), the Department is not permitted to make purchases. The responsibility for the provision of funds to cover the purchase of the stores indented for rests entirely with the indenting officer. The accounts details asked for on the front page of the indent form are required for audit purposes and the proper adjustment of accounts.

35. Different classes of stores are dealt with in different sections of the Purchase Branch of the Department. Separate indents should therefore be prepared for stores falling under various classes, as shown on the indent form, and each indent should show items of a like description grouped together.

36. It is essential that the items indented for should be described in sufficient detail to obviate further references to the indenter, and all possible additional information should be given which will assist in the speedy disposal of the indent, *e.g.*, references to catalogues or to previous supplies. If drawings or samples are available but cannot be enclosed with the indent, they should be sent separately and marked with the indent number and designation of the indenting officer, so that they can be easily connected with the indent. Reference to previous supply should also be made when duplicates are required.

Specifications will be prepared, when necessary, by the technical staff of the Stores Department from the details given in the indent.

Failure to give an adequate description of the stores required is the most frequent cause of delay in supply and sometimes results in the supply of unsuitable articles. Indentors should, therefore, give this matter their special attention.

37. When an item is demanded which has not previously been obtained through the Indian Stores Department, the name of the last supplying firm should be given. If correspondence has already taken place between the indenting officer and a supplying firm or quotations have been obtained direct in regard to any items included in an indent on the Indian Stores Department, it is essential that copies of such correspondence should accompany the indent.

38. Indents for the purchase of plant and machinery should provide the fullest information possible and particular care should be taken to see that all peculiar local or special conditions, which might involve departures from normal standards, are mentioned. In the case of new installations of electrical plant and machinery generally the indent must clearly state whether the whole or part only of the plant is required, and in the case of additions or renewals a brief description of any existing plant with which the new plant would require to work should also be given. Such indents should state if erection at site is to be undertaken by the successful tenderer and whether a guarantee period is desired, and if so, what that period should be, and whether testing at site is to be undertaken by the Indian Stores Department.

39. When it is desired by the Indenting officer to restrict supply to a particular firm, a specific statement to that effect must be made in the indent. Unless there is a categorical restriction, which should be fully justified, the mention of a particular make or firm will be interpreted only as a guide to the type of article required and will not be held to preclude competitive tendering. Catalogue references and references to previous supplies are very useful, but, in the absence of any special note, will be interpreted as merely indicating the type or description of article required. The date of any catalogue quoted should be given.

40. Indents for spare parts should be compiled from makers' spare parts catalogues, where available, and care should be taken to quote the correct symbol, number and nomenclature or code word applicable to the particular type of plant. The makers' number of the machine should also be stated. Failing this, the date and source of original supply should be given. In dealing with demands of this kind drawings are frequently essential.

41. *It is important that in all cases indentors should state the purpose for which the stores are required.* If this purpose is known to the Indian Stores Department, it may at times be possible to suggest slight modifications in quality or type, which would render possible the standardization among Government indentors of various articles or materials, and in this way supply would be facilitated and cost reduced. Sometimes more suitable material can be suggested. Where necessary and feasible, fair sized samples of the goods required should accompany indents.

42. *Estimated cost to be entered against each item.*—It is desirable that, wherever possible, the Stores Department should be made aware of the approximate amount which the indentor expects to pay for the stores indented for. To this end against each item the last price paid should be entered in the "estimated cost" column. The estimated cost of freight and the fees

levied by the Indian Stores Department (in the case of authorities other than the non-commercial civil departments of the Central Government) should be added to the total. If information as to the latest price paid is not available, a rough estimate should be given. If the quotation which the Department proposes to accept is considerably higher than the amount estimated by the indenter, a reference is made to him before the order is actually placed. In the absence of any special instructions on this point, the practice is to refer to the indenter if his estimate of the total cost of the stores demanded in any one indent is likely to be exceeded by 10 per cent. or Rs. 10,000, whichever is less, excepting when the total cost is not more than Rs. 1,000, in which case no reference to the indenter is made.

43. *Indentors should state in their indents a specific date by which the stores are required, and expressions such as 'immediately', 'as early as possible', or 'urgent', should be avoided. These expressions are constantly used, but they defeat their own object by making it impossible for the Indian Stores Department to differentiate between the degree of urgency of the various indents.*

44. Indentors should also clearly state whether the goods are to be booked by goods or passenger train, whether at "Owner's" or at "Railway" Risk and whether they are to be insured on rail. These instructions do not apply to cases in which the orders are placed for free delivery at destination, as in such cases the despatch arrangements are left to the discretion of suppliers who are responsible duly to deliver the stores at destination in good condition, but they are necessary in other cases.

45. Indenting Officers are requested to spread the demands made on the Indian Stores Department evenly over the whole year as far as possible. The concentration of a large number of orders towards the close of the year not only tends to entail extra expenditure and inconvenience but makes for difficulties in the efficient disposal of the business connected with the purchase and inspection of stores.

46. Failure to comply with the above instructions will entail unnecessary work and may delay compliance with the indent.

47. Indents may be placed with the Provincial Controllers of Purchase at Calcutta, Bombay and Karachi, up to the limits detailed below. Indents exceeding these limits should be placed on the Headquarters office :—

I. Controller of Purchase, Calcutta Circle.

(1) For Jute goods up to Rs. 50,000.

(2) For other stores up to Rs. 15,000.

**Direct
Indents on
Provincial
Purchasing
Officers.**

II. *Controller of Purchase, Bombay Circle.*

- (1) For cotton yarn for the Jail Department, Bombay, up to Rs. 25,000.
- (2) For the requirements of the Royal Indian Marine up to Rs. 15,000.
- (3) For other stores up to Rs. 15,000, subject to the condition that no single item, or interconnected items, exceed Rs. 5,000.

III. *Controller of Purchase, Karachi Circle.*

- (1) For mild steel sections for which orders have to be placed elsewhere than at Calcutta or Bombay, up to Rs. 15,000.
- (2) For other stores up to Rs. 15,000, subject to the condition that no single item, or interconnected items, exceed Rs. 5,000.

48. The above limits do not apply to requisitions against rate contracts arranged by the Headquarters office (or against running contracts on which the Provincial Controllers are permitted to operate).

49. Provincial Controllers of Purchase are authorised to place orders within the areas in which their offices are located. This point should be kept in view by indenting officers and indents should be placed with the Controller from whose jurisdiction the most satisfactory purchase can be arranged, with due regard to the nature of stores and the destination at which they are required.

50. One of the main functions of the Indian Stores Department is the co-ordination of indents from various Government departments, thereby enabling bulk purchases to be made or running contracts entered into with consequent saving in cost to consuming departments. To enable the Indian Stores Department to carry out this function to the fullest extent possible, it is desirable that indenting officers should, whenever it is practicable to do so, *consolidate their demands, for stores of which their requirements are sufficient to effect economy by bulk purchase*, into one single annual indent to be submitted by a prescribed date, in preference to demanding their requirements in small quantities at irregular intervals.

Bulking of demands.

51. The submission of consolidated annual demands by all departments by the prescribed dates is the ideal at which the Indian Stores Department aims. Suitable dates have been prescribed for the receipt of consolidated indents for the annual requirements of consumable stores regularly in demand and can be ascertained on application. If these dates are adhered to, there will be ample time for the Indian Stores Department

to combine the demands of the various indentors and to place contracts for the bulk requirements, deliveries to commence by the prescribed dates. In their own interests, therefore, indentors are requested to co-operate with the Indian Stores Department by submitting annual indents not later than the dates referred to above.

52. It is not essential that such indents should be for definite quantities of each item. The approximate quantities required will suffice, and the contracts will be so framed as to provide for the supply, at any time during the period covered by the contract, of the actual requirements. The estimated quantities should, however, be reasonably approximate. The approximate dates on which deliveries will be required should be stated in the indent to facilitate supply arrangements.

53. It is particularly requested that annual indents on the above lines be submitted for the classes of stores for which the Indian Stores Department enters into running and rate contracts.

54. It is of course recognized that individual indents for stores of which the future requirements cannot be foreseen must necessarily be frequent and such indents may be submitted at any time.

V.—DEPARTMENTAL FEES.

55. No charge is made to non-commercial civil departments of the Central Government for services of any kind rendered by the Indian Stores Department, *i.e.*, the purchase and/or inspection of stores, testing of materials or miscellaneous advisory work. Under the orders of the Government of India, a fee of 1 per cent. is levied for purchase and 1 per cent. for inspection (or 2 per cent. in all for both purchase and inspection) on the value of orders placed on behalf of all other authorities. The fee of 1 per cent. for inspection includes all sampling and testing before the contract is concluded, and also, where necessary, sampling and testing during the currency of the contract.

56. Indentors can, if they so desire, purchase stores through the Indian Stores Department and inspect them themselves, in which case the Departmental fee will be 1 per cent. only. It must be understood, however, that in such cases the responsibility of the Indian Stores Department goes no further than the placing of the order with a firm of proved reliability at the best price obtainable, against a specification or sealed sample, and no responsibility can be accepted for the quality of the stores delivered or for delay in supply, though any complaints on these matters will be taken up with the firm on receipt of the necessary information from the indentor. In cases in which stores, such as electric fittings including lamps, fans and cables, electric house service meters, water meters, oils, etc. held in stock against running or rate contracts are periodically

inspected and/or tests are carried out at the Government Test House, Alipore, and supplies are made therefrom, it is not possible to arrange for uninspected supplies.

57. The charges for analyses and tests of chemicals and other stores, and for inspection of purchases made by other authorities, carried out at the Government Test House, the Metallurgical Inspectorate or any other organisation under the Inspection Branch of the Department, and for advisory and miscellaneous work, are given in detail in the schedules prescribed by the Government of India, Department of Industries and Labour, copies of which can be obtained from the Manager of Publications, Civil Lines, Delhi, and the Government of India Book Depot, No. 8, Hastings Street, Calcutta.

VI.—METHOD OF PAYMENT.

58. The following procedure is followed in regard to the payment of bills for stores purchased and inspected by the Indian Stores Department. Payment is made by the Audit Officer, Indian Stores Department, New Delhi, except when the value of articles purchased is less than Re. 1, *vide* para. 16. Indenting officers should under no circumstances make payments for supplies not below Re. 1 direct to the suppliers.

(a) Stores inspected by the Indian Stores Department are stamped, marked, or sealed according to the circumstances wherever practicable. When the stores have been inspected and passed by the Inspecting Officer, the latter will furnish the supplier with a Despatch Memorandum in duplicate (giving particulars of the inspection markings) as authority to despatch the stores detailed thereon. An inspection certificate will then be prepared with which the Despatch Memorandum should not be confused. The original Despatch Memo. should invariably be received by the consignee with the forwarding documents, and the stores received should be carefully checked and identified with the particulars shown on the Despatch Memo. In the event of a Despatch Memo. not being received, the firm should be communicated with and the stores kept without being taken on charge, pending its receipt.

(b) The supplier will despatch the stores and will prepare his bills as detailed below, unless otherwise stipulated in the contract :—

- (i) Bills for 90 per cent. of the total cost of the stores detailed on the Inspection Certificate will be prepared by the suppliers on the standard bill form of the Indian Stores Department (copies of which are furnished to the suppliers with the contract) in accordance with the instructions printed thereon and quoting the number and date of the railway receipt on which the stores were despatched. These 90 per cent. bills will be submitted in triplicate to the officer in charge of the inspection

- organization concerned, who will certify thereon that the stores billed for have been inspected and passed, and that they have been tendered within the time stipulated or extended by competent authority. The inspecting officer will then forward two copies of the 90 per cent. bills (including the original stamped and receipted copy) duly completed, direct to the Audit Officer, Indian Stores Department, for payment. In the 90 per cent. bills a reference will be given to the number and date of the corresponding 10 per cent. bills.
- (ii) Bills for the final 10 per cent. of the cost of the stores detailed on the Inspection Certificate will be prepared in triplicate on the same forms and will be sent by the supplier direct to the consignee, supported by the Inspection Certificate received from the inspecting officer. In the 10 per cent. bills a reference will be given to the number and date of the 90 per cent. bills.
- (iii) When the stores have been correctly received and taken on charge, the consignee will certify the 10 per cent. bills by completing certificate No. 2, on the Bill form and will forward two copies (including the original stamped and receipted copy) duly completed, without delay to the Audit Officer, Indian Stores Department, for payment.
- (iv) Should the conditions of contract, as for instance in the case of contracts for the purchase of plant and machinery, stipulate instalment payments other than as above, *e.g.*, 80 per cent. on proof of despatch from a station in India or delivery at destination, and 20 per cent. after erection or final inspection and test at site, the bill for the 80 per cent. of the total cost will be submitted to the officer in charge of the inspection organization concerned who will pass it on to the Audit Officer, Indian Stores Department, for scrutiny and payment. The final 20 per cent. bill will be submitted also to the inspecting officer, who will pass it on to the consignee after filling in Certificate No. 1; and the consignee will transmit it to the Audit Officer, Indian Stores Department, after filling in certificate No. 2, for scrutiny and payment. The final bill should always be connected with the previous one by reference to the number and date of the previous bill.
- (v) In the case of bills for small amounts the supplier may, if he prefers to do so, submit one bill (in triplicate) for the full amount to the consignee. When the stores have been correctly received and taken on charge, the consignee will certify the

bills and forward two copies thereof (including the original stamped and receipted copy) duly completed, without delay, to the Audit Officer, Indian Stores Department, for payment.

- (vi) In the case of stores delivered to consignee (not despatched by rail or sea) the procedure will be as described in the preceding paragraph. This procedure is also followed in the case of supplies not exceeding Rs. 200 in value and in the case of all supplies against rate and running contracts, unless otherwise stipulated in a contract.

59. In the case of bills for stores the inspection of which is carried out by the consignee himself (*vide* para. 56) 100 per cent. bills will be submitted in triplicate to the consignee who will certify thereon that the stores billed for have been correctly received, inspected, passed and taken on charge, and will forward two copies (including the original stamped and receipted copy) duly completed, without delay, to the Audit Officer, Indian Stores Department, for payment.

60. Particulars of any retrenchments made by consignees from the supplier's bills, *e.g.*, on account of damages in transit, for which the latter are responsible under the terms of the contract, should be communicated to the suppliers, as well as to the officers of the Indian Stores Department who arranged for the purchase and inspection. The Audit Officer, Indian Stores Department, will communicate any corrections made by him in the supplier's bill to the head of the Inspection Circle concerned.

61. Freight vouchers accompanying the bill, should be passed on to the Audit Officer, Indian Stores Department, only when exceeding Rs. 25. Receipts below this limit should be retained by the consignee after scrutiny.

62. *It is very important that payments should be made promptly. Delay in payment enhances costs. The system of payment of a percentage of value against proof of despatch has been designed to accelerate payments, but indentors will appreciate that their co-operation is necessary to ensure that the onward transmission of bills passing through them is not delayed.*

63. If supplies against an order not exceeding Rs. 5,000 in value are received in a damaged or defective condition and the consignee proposes to accept them at a reduced price to which the supplier is agreeable, he may do so without reference to the Purchase Officer. An intimation of the reduction made should, however, be given to the Purchase and Inspecting Officers concerned for information and record in their books. If the value of the order exceeds Rs. 5,000 the final decision to assess the reduced price for defective or damaged stores will rest with the Purchase Officer and all such cases should be referred to that officer.

64. All cases in which the supplier and the consignee are unable to come to an agreement will be referred to the Purchase Officer, irrespective of the value of the order.

VII.—ADJUSTMENT OF ACCOUNTS.

65. Debits for the cost of stores purchased through the Indian Stores Department by Government officers and for the departmental fees (*vide* para. 55) for purchase (and inspection) levied by the Indian Stores Department are raised by the Audit Officer, Indian Stores Department, against the accounts officer of the consignee in the account of the month in which the suppliers' bills are paid, and exchange accounts showing all such transactions are sent by the Audit Officer, Indian Stores Department, to the accounts officer concerned in the beginning of the second month after that to which the transactions pertain. The accounts officer concerned then accepts the debit against the account of the indenting officer and notifies the latter that he has done so.

66. Intimations of payments are sent to the consignee by the Audit Officer, Indian Stores Department, in cases in which (1) bills do not pass through the consignee, (2) the amount passed by the consignee is altered by the Audit Officer, Indian Stores Department, or (3) payment is made in a financial year subsequent to that in which the bill is passed by the consignee.

67. Special arrangements as detailed below, in regard to payment of bills and adjustment of accounts, are made in order to suit the convenience of indenting authorities against whom book debits cannot be raised, *e.g.*, *quasi-public bodies and Indian States* :—

The Indenting officers have the option either :

- (a) of placing a sum equivalent to the estimated cost of the stores *plus* the departmental fees payable for the services of the Indian Stores Department (calculated at 2 per cent. of the value if the stores are both to be purchased and inspected, and at 1 per cent. if inspection is not required) to the credit of the Audit Officer, Indian Stores Department, in a Government Treasury, forwarding the treasury receipt to this Department ; or
- (b) of depositing in a branch of the Imperial Bank of India in the name of the Audit Officer, Indian Stores Department, a sum of money sufficient to cover the estimated cost of the stores *plus* departmental fees, with instructions to the bank that the sum should be strictly reserved for the purpose of meeting demands from the Audit Officer, Indian Stores Department, which should be complied with by the transfer of the amount to the Government account. The deposit receipt granted

by the bank should be forwarded to this Department, to enable the Department to proceed with the indent.

The latter alternative has been introduced to avoid large sums of money being locked up without interest. The following extracts from a letter dated the 26th July 1927 from the Managing Governors of the Imperial Bank of India, Central Office, Calcutta, to the Chief Controller of Stores, are quoted for information :—

“ We would be prepared to issue deposit receipts in the name of the Audit Officer, Indian Stores Department, the receipts to be held by that officer, and to indicate on the receipts, by means of initials, the body on whose behalf they are issued. Your Department could then obtain payment, as and when required, in accordance with the terms of the contract.”

“ We have agreements with certain of the Port Trusts and Municipalities, under which we accept short-term interest-bearing deposits, and such an arrangement would probably suit these bodies. We do not, however, ordinarily accept short term deposits at interest from public or *quasi*-public bodies with whom we have no agreement, but we would always be prepared to consider the acceptance of deposits under the proposed arrangement, for appreciable amounts, say Rs. 50,000 and upwards, from such bodies.”

The indenting authorities are, however, subject to the procedure prescribed in clause (b) above, at liberty to enter into any arrangement regarding the deposits, which may be mutually suitable to them and the Bank.

NOTE.—The value of stores should be rounded off to the nearest rupee (annas eight and above counting as one rupee and less than eight annas being ignored) and the departmental fees to the nearest anna (pies six and more being expressed as one anna and less than six pies being omitted).

VIII.—COMPLAINTS.

68. In the event of serious complaints in regard to quality or price of stores, or delay in supply or delay in raising debits, full details should be furnished to the Chief Controller of Stores, Indian Stores Department, when they will be carefully investigated. Minor complaints should, however, be referred to the supplying firm direct, and, if necessary, a copy of the complaint endorsed to the inspecting officer concerned in cases where the stores have been inspected by the Indian Stores Department. If the matter is not satisfactorily settled, it should be referred to the Chief Controller of Stores.

69. All complaints should be made as promptly as possible, as delay may prejudice the chances of obtaining redress, particularly if arbitration or legal proceedings are involved.

70. Before making complaints regarding delay in supply indentors are requested to take into consideration the time required for inspection and for transit from place of supply to destination. Complaints are not uncommon in regard to which this consideration has been entirely overlooked. Similarly before complaining of delay in raising debits, indentors are asked to ensure that the bills have not been delayed by the consignees, it having been found that this is a frequent cause of delay in such cases.

IX.—REJECTIONS AND DISPOSAL OF REJECTED STORES.

71. Cases have occurred which indicate that some misapprehension exists on the part of the indenting officers in the matter of the rejection of stores purchased and inspected by the Indian Stores Department, and the following instructions have accordingly been framed in order to explain the legal position in this matter, and also to indicate the procedure which should be adopted in respect of stores which are rejected under proper authority after their arrival at their destination.

(i) It must be realized that, as the Indian Stores Department is the contracting party, the final rejection of stores lies within its competence alone, and that, therefore, it is not permissible for an indenting officer or consignee to reject stores which have been accepted by this Department. In cases in which an indenting officer considers that grounds for the rejection of such stores exist, a full report should be forwarded immediately to the Indian Stores Department inspectorate concerned, and the goods complained of should be stored pending investigation by this Department and the issue of final instructions as to their disposal. Should it be decided that the stores should be rejected, intimation to this effect will be given immediately to the contractor by the Indian Stores Department, and he will be informed that the stores lie at his risk from the date of such rejection, and that if not removed within a fortnight of rejection the purchaser will have the right to dispose of the stores as he thinks fit, at the contractor's risk and on his account.

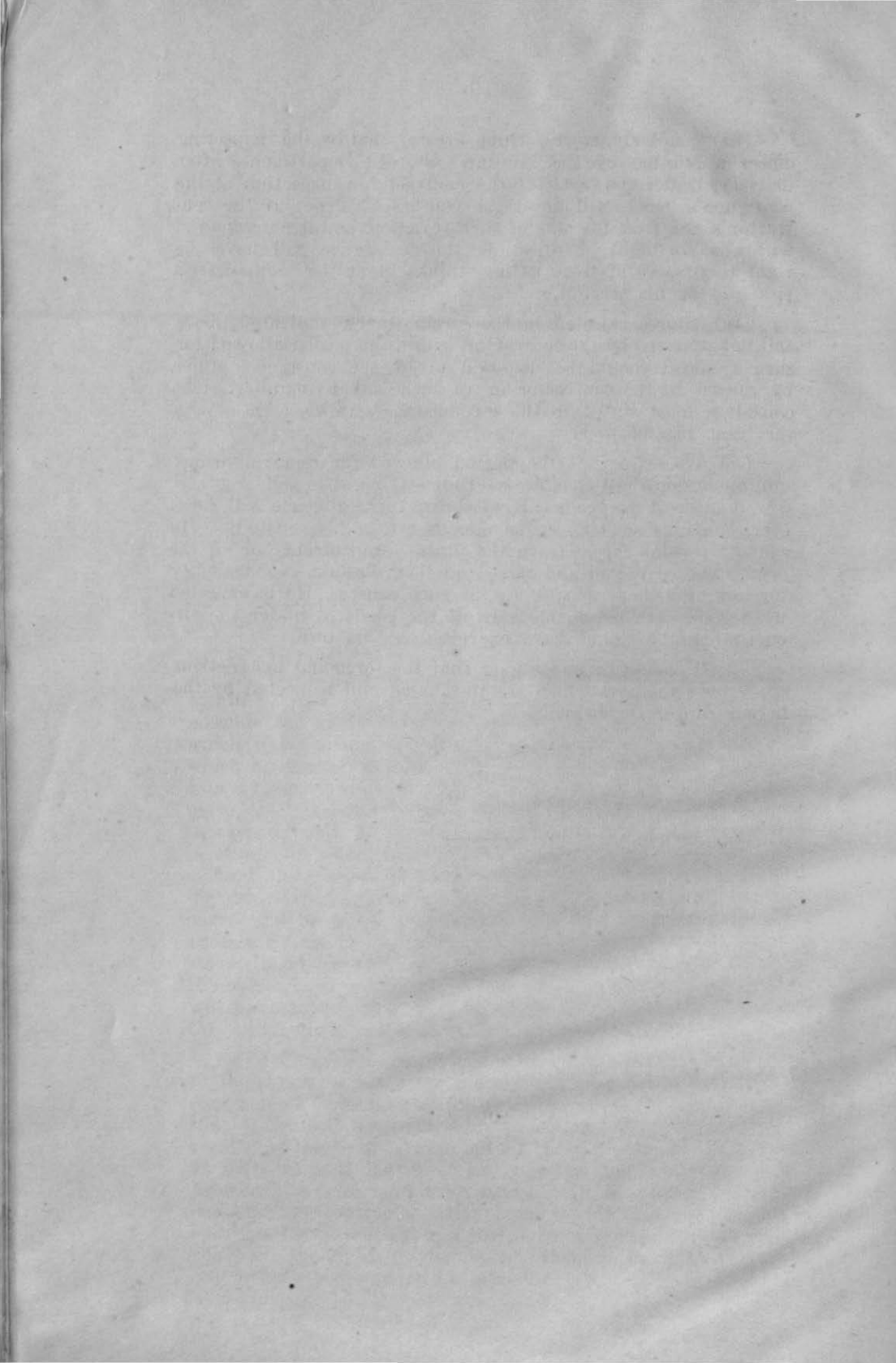
(ii) Cases occasionally occur in which stores are despatched to their destination after merely a visual examination at the contractor's premises, works or godowns on the understanding that their final acceptance or rejection shall depend on the results of the tests carried out at the Government Test House. In such cases, if the stores are rejected, the contractor will be informed at once, and the stores will lie at the consignee's depot at the contractor's risk from the date of such rejection, and if not removed within a fortnight of rejection, the consignee will have the right to dispose of them as he thinks fit at the contractor's risk and on his account.

(iii) Similarly, stores, which are rejected by the inspecting officer appointed by the Indian Stores Department, after delivery, under the terms of the contract for inspection at the consignee's depot, will lie at the consignee's depot at the contractor's risk from the date of such rejection, and if not removed within a fortnight of rejection, the consignee will have the right to dispose of them as he thinks fit at the contractor's risk and on his account.

(iv) Stores rejected in the circumstances indicated above and not removed by the contractor within the period allowed for such removal should be disposed of by the consignee, either by return to the contractor or in such other manner as he considers most suited to the circumstances in each case, with the least possible delay.

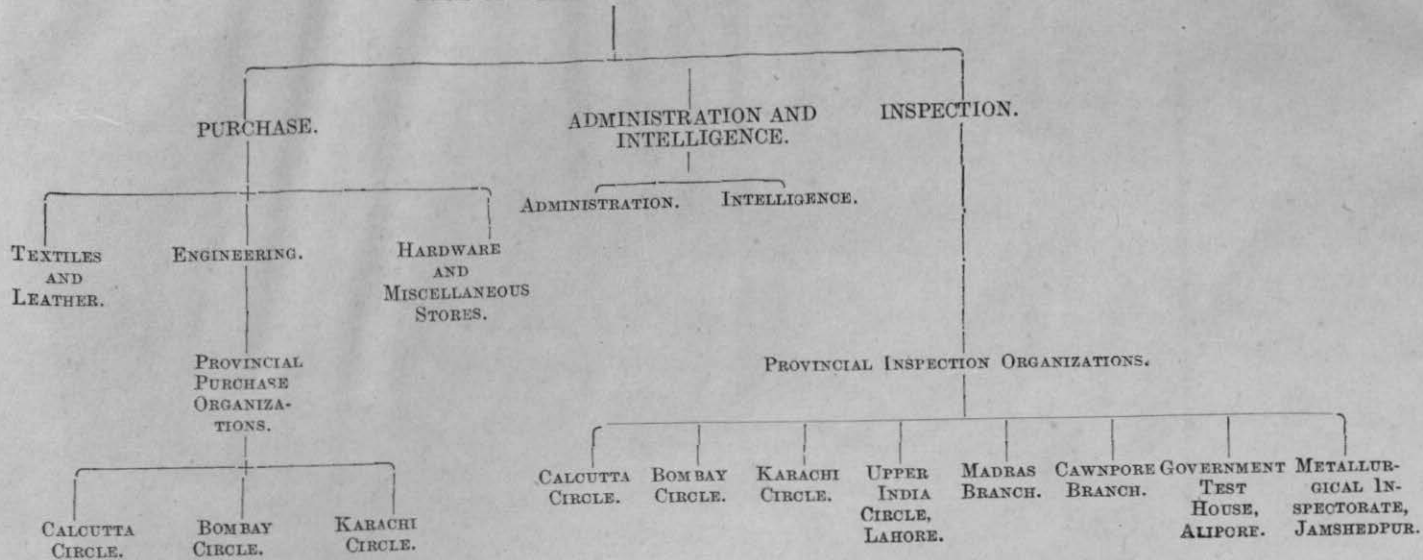
(v) The expiry of the period allowed for removal brings into operation the Consignee's (Bailee's) right to sell or otherwise dispose of the goods. His liability for negligence will, however, continue so long as the goods are in his custody. He cannot, for instance, leave the stores unprotected or in the open, exposed to sun and rain, and then disclaim responsibility for loss or damage arising out of such causes. He is expected to exercise such reasonable care of the goods as under the circumstances he would have exercised of his own.

72. It should be understood that the foregoing instructions apply only to stores which are purchased and inspected by the Indian Stores Department.



APPENDIX.
(Vide para. 2).
 ORGANIZATION

OF
 THE INDIAN STORES DEPARTMENT.



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