

North Eastern Railway
Gorakhpur-273 012 (U.P.)
STORES DEPARTMENT

S/P.Sec/545/SPP/11

Dated 18.04.2017

Sub: Joint Procedure Order for Spot Purchase.

1. Preamble:

- 1.1. There will be occasions wherein some items will be required urgently. These emergent/unusual situations warrant that materials (normally available off-the-shelf) are purchased on the spot without following the formal tendering system but by calling offers through physical visit to the premises of the firms by the nominated Officers. This mode of purchase is commonly known as "Spot Purchase". This procedure order supersedes all earlier orders in this regard on NER.
- 1.2. Regarding the concept of purchase through "Spot Purchase Committee"; Stores Code is silent on the subject. Railway Board has also not issued any comprehensive guidelines/instructions on this mode of purchase. However, vide letter No. 2002/RS (G)/779/12 dtd. 14.12.2011 Railway Board has instructed zonal railways to frame suitable guidelines for approval of GM which take care of the aspect of transparency, economy etc. in SPC procurement.
- 1.3. There is need to issue a procedure order with following objectives:
 - i. To have uniform system all over the NER.
 - ii. To have centralized record in the office of FA&CAO and COS.
 - iii. To follow principles of financial propriety by all concerned.
 - iv. To ensure fair play, equity, transparency and economy in the SPC procurement.

2. Scope:

2.1. Conditions for resorting to Spot Purchase:

The concept of spot purchase, for the purpose of purchase, will be followed in very exceptional circumstances, with the consent of associate finance and should be supported by proper justification. Invariably the need to resort to spot purchase shall fulfill conditions as laid down below:

- (i) Occasions when the requirement of non-stock items could not be foreseen in advance and are required urgently for safe operations (and where cash purchase power are considered inadequate) and Emergency Purchase through formal invitation of tenders etc. is likely to take considerable time.
 - (ii) For purchase of Non-Stock items which are required occasionally and making the detailed specification for the same is not practicable/economical and items of consumable nature, where the quality of material in the market changes at fast pace or the aesthetic considerations are of prime importance, such materials can be obtained by personal examination of feel, finish and appearance etc. like furniture, crockery, cutleries, carpets and other furnishing items etc.
 - (iii) Non-stock items required urgently particularly in emergent situations like accidents, epidemics, natural calamities or acts of God, riots, damages etc. for quick restoration normalization of train operations or items required for opening new lines/facilities having fixed deadlines.
- 2.2. However, Spot Purchase shall not normally be resorted to for purchasing such non-stock items which have detailed Specifications and Drawings, and are required to be purchased only from approved sources/authorized dealers.


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3. Sport Purchase Proposal:

- 3.1 Proposal shall be initiated by the concerned branch officer duly giving details of item, along with estimated value, proposed to be purchased through SPC. The proposal duly vetted by "Associate Finance" should be sent for the specific approval of the authorities as detailed in para 3.3 below for approval to purchase through Spot Purchase Committee (SPC).
- 3.2 There should be a proper vetted requisition duly supported with proper sanction and clear availability of funds for the non-stock items indented for Spot Purchase. The quantity is to be restricted to bare minimum. Purchase through Spot Purchase Committee should be proceeded only after all necessary formalities for procurement including fund certification, Finance Concurrence and approval of Competent Authority, have been completed.
- 3.3 The Constitution of Spot Purchase Committee: Spot Purchase would invariably be made by a Committee of three Officers one each from Stores, Accounts and Indenting Departments. The level of Spot Purchase Committee will be as under.

Level of Spot Purchase Committee.

Sl. No.	Spot Purchase Committee members			Value of Purchase
	Stores Department	Consuming Department	Account's Department	
1	SS	SS	SS	Up to Rs.8lakhs
2	JAG	JAG	JAG	From Rs.8 lakhs to Rs.45 lakhs

The authority to approve purchase through SPC shall be:

1. GM for HQ.
2. DRM for division.
3. CWM for workshop (only if CWM is in SAG)
4. CAO for construction organization.

Note:

- i. DRMs, CWMs and CAOs can approve purchases through SPC only up to a ceiling of Rs.2 lakhs per case. Beyond that, the case has to be routed through COS for FA&CAOs concurrence and GMs sanction.
 - ii. If more than one item is to be purchased through SPC at the same time, the total value of all the items shall be taken into account for the purpose of determining the value of Purchase.
 - iii. Stores Officer will act as the convener of the Committee.
 - iv. The amount of Spot Purchase should not be booked to "Misc. Adv." It should be booked to Final Head only.
- 3.4 After the proposal has been approved by the competent authority as mentioned above, proper file will be opened in convener's office. The approved proposal file (original) shall be handed over to the stores officer (nominated in SPC) by the concerned branch officer of user department as the store officer will act as convener.

4. Nomination of Spot Purchase Committee:

Headquarters:

Spot Purchase in HQs would be made by a Committee of three Officers: one from Stores Deptt. (To be nominated by COS), one from Accounts Deptt. (To be nominated by FA&CAO) and one from Indenting/user Deptt. (To be nominated by concerned CHOD/PHOD) in accordance with Para 3.3 above.

Divisions and Workshop:

For Divisions and Workshops, SPC can be nominated by concerned DRM/CWM in accordance with Para 3.3 above.


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5. Procedure:

- 5.1. Since Spot Purchase is only a mode of purchase, there should be proper requisitions duly vetted by Associate Accounts.
 - 5.2. The Committee will first undertake Market Survey and then shall obtain Quotations from as many sources (but not less than three) as deemed fit by the Committee. While obtaining the Quotations, normal rules laid down for obtaining the Quotation, (as in the case of Cash Purchase arranged by the Stores Depot Officer) will be followed. In conducting their business the Committee shall give due regard to the Canons of Financial Propriety.
 - 5.3. Inspection of material, if required/called for, shall be done by Member of Indenting department or his authorized representative.
 - 5.4. The Committee will draw proceedings covering at least the points listed below.
 - (i) Description of the item.
 - (ii) Brief discussion of the offers obtained.
 - (iii) Tabulation Statement.
 - (iv) Recommendations along with certificate on reasonableness of recommended rates.
 - (v) Unusual terms & Conditions and deviation accepted, if any.
 - (vi) Consignee.
 - (vii) Delivery Terms, Delivery period and Place of Delivery.
 - (viii) Paying Authority and Bill passing Officer
 - (ix) Any other points considered worth mentioning by the Committee.
 - 5.5. Proceedings drawn by the committee will be signed by all the committee members.
6. The finalized proceedings of the purchase shall not require any further approval. But this will be made available for Internal Check/ Audit and the minutes of the Committee will be kept on the file.
- 6.1. All decisions in the matter of Purchase taken by the Committee will be final and will not require any approval of higher authority. No references are to be made to any other authority for approval etc.
 - 6.2. However in case of any disagreement between the members, Convener is required to put up the case to his next higher authority, who may take the decision on his own or in consultation with Finance. However, the reasons for the decision are to be recorded on the File. Since SPC is an extraordinary mechanism for purchase, in case of further differences, the case will be put up to GM with the remarks of concerned CHOD/PHOD. Similarly for Division/Workshop/Construction, case is to be put up to respective DRM/CWM/CAO with the remarks of concerned Dy.HOD/HOD (for construction).
 - 6.3. Formal communication (in the form of Purchase Order used by stores dept) detailing the Description/Specification of the item, Rates, Taxes, Terms & Conditions, Inspection Clause, etc. (In four copies each for Accounts, Firm, Consignee and office copy of convener) duly signed by the Convener shall be placed on firm.
 - 6.4. A Report of Spot Purchase along with copy of Proceedings should be sent to the office of FA&CAO (paying authority) and COS office for information and record, on having completed the Spot Purchase i.e. after receipt of supplies. A copy of report will also be sent to the concerned branch officer for information and record
 - 6.5. The purchase shall be completed within 45 days from the date of appointment of the Committee. If purchase is not completed within this period i.e. 45 days, the SPC will lapse. Thereafter, if required, it will have to be constituted afresh following the due procedure.

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7. Payments:

- 7.1 Payment for supplies should be made after receipt and certificate thereof by the consignee of the stores, through Electronic Fund Transfer in the Bank A/C Payee Cheque, against firm's Bill or against the Proforma Invoice (PI), after internal check of the Bill in the Accounts office. All Bills or PI for the material purchased shall be certified by all the Committee members. Pay Order will be prepared by the Convener of SPC (or the department's representative) after getting certificate from consignee. The Pay order comprising Bank details of the firm will be sent to the Accounts office for ensuring payment after internal check, as per extant rules.
- 7.2 Payment will be made after taking delivery of accepted material. In no case payment shall be made to the firm in anticipation of the supply of material.
- 7.3 The materials purchased shall be accounted for by an entry in the Ledger Book of the User Department within a suitable time frame say within 15 (fifteen) days as is done for material received against regular Purchase Order.

This issues with the concurrence of FA&CAO and approval of GM.


(R.K. Yadav)
CMM/G


(Mudit Mittal)
FA&CAO/WST