

Answer as downloaded from G.O.'s Rajbhaskar site of Home Ministry

1	Discuss various provisions of the Official Language Rules 1976 OR What is the importance of Material Management function in any industrial or business organisation?	15
	<ul style="list-style-type: none"> (i) Maintaining continuity in supply of materials to support the business activity. (ii) To do so with the minimum investment consistent with organizational safety and economics, keeping investment as low as is consistent with maintaining the production. (iii) To adopt latest practices of materials planning and programming for procurement and supplies. (iv) Avoiding duplication, waste and obsolescence with respect to materials by adopting codification and standardization. (v) Maintaining standards in quality of materials. (vi) Procuring materials at reasonably low prices consistent with quality and obtaining the best value for money spent. (vii) Developing good and reliable suppliers and ensuring satisfactory "buyer-vendor" relationship. (viii) To secure good vendor performance including prompt deliveries and acceptable quality. (ix) To develop locally, new materials and products that may be required by the organization. (x) To develop good systems and procedures. (xi) To implement such programmes like value analysis, cost analysis and make or buy decisions, with a view to reduce costs. (xii) To ensure proper Storekeeping and Ware-housing so as to have minimum wastage, optimum inventory. (xiii) To adopt better materials handling practices and efficient transportation, to ensure timely cost effective distribution of materials. (xiv) Maintaining organization's competitive position in the industry and by optimizing material costs. (xv) Identification, Disposal of surplus, obsolete and scrap materials. 	
2	Differentiate between (Any five)	20
(i)	Severable Contract Entire Contract	
	<p>Based on delivery stipulation, a contract for sale of goods may be :</p> <p>(a) <u>an entire contract</u> : in this contract, delivery may be mentioned in instalments but with terminal delivery e.g. "Delivery to commence after 30 days from the date of receipt of the contract and to be completed @ 5,000 units per month i.e. by 30th August, 2017 or earlier."</p> <p>(b) <u>a severable contract</u> : in this contract, delivery in instalments is divisible in performance with terminal delivery for each instalment e.g. Delivery to commence after 10 days from the date of receipt of the contract and 3500 units 15.4.2017, 4000 units by 15.05.2017 and 3500 by 15.06.2017. The delivery terms provided in a contract should therefore, be worded carefully and as far as possible specific date/dates should be indicated by which supplies should be completed by the</p>	

④ In case of differentiation of terms additional points may also considered for complete answer :

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	contractor, so as to allow no room for ambiguity.	
	In case of failure to deliver the materials in time, Risk Purchase action not be taken in entire contract till 30.08.2017 while in severable contract Risk purchase action can be taken for each instalment after expiry of delivery period for each instalments.	
(ii)	Single Tender	Single Offer
	<p><u>Single Tender</u> - Single offer is received in Single tender. Single tender is generally issued in case of PAC item, small value purchase, developmental item and non PAC item in case of emergency. SOP to issue Single Tender is :-</p> <ul style="list-style-type: none"> (i) PAC Item with (PAC- c certified) :- upto concerned officer's level of acceptance (ii) PAC Item with (PAC- a certified) :- COS – Rs 15 lakhs, CMM – Rs 8 lakhs, Dy.CMM – Rs 5 lakhs, SMM- Rs.3 lakh, AMM – Rs.1 lakh (iii) Developmental items:- COS- Rs. 15 lakhs, CMM – Rs. 8 lakhs, Dy.CMM – Rs. 5 lakhs (iv) For non-proprietary articles in normal circumstances w/o Finance concurrence:- COS/CMM Upto Rs.8 lakh. (v) For non-proprietary articles in emergencies w/o Finance concurrence:- COS/CMM Upto Rs.25 lakhs. <p><u>Single Offer</u>:- Single offer received against advertised tender, Bulletin tender, Limited tender. When only one bid is received in response Limited Tenders, fresh tender should be invited except in urgent cases of purchases. The urgency has to be certified by JAG level officer for all purchase upto Rs.8 Lakhs and by SAG level officer for purchases above Rs.8 Lakhs. These powers are to be exercised only if the Limited Tender enquiries had been issued to firms who had supplied the materials earlier or were likely to supply the materials and the prices obtained were reasonable. In all such cases, full reasons should be recorded justifying the course of action.</p>	
(iii)	Excise Duty	Custom Duty
	<p>An excise duty is an inland tax levied on production, within a country, for sale. The rate of excise duty can vary from product to product. The Custom duty is the border tax levied on import of product. This duty is levied to control import and also to boost internal production. Excises are distinguished from customs duties, as Excise duty is inland tax, whereas custom duty is border tax.</p>	
(iv)	EMD	Security Deposit
	<p>EMD is the amount to be deposited by bidder along with submission of bid to ensure safeguard, against the bidder withdrawal of bid before expiry of validity or fail to furnish the required security within the appointed time after acceptance of his tender. Generally it is 2% of the value of Purchase.</p> <p>Security Deposit:- It is the amount deposited by supplier with the purchaser, to ensure safeguard against breach of contract placed by purchaser on the supplier. Generally it is 10% of the value of Purchase.</p>	

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(v)	Purchase Preference	Price Preference	
	In order to provide assistance and support to some of industrial sectors, Purchase and Price Preference are given to these sectors. i.e. Micro & Small Enterprises (MSEs), NSIC approved firm, PSU.		
	Price Preference:- Under this policy bid received from nominated sectors are accepted if value of their bid is within laid down percentage compare to bids of other sectors. Then their bids are considered but they are counter offer the price of the lowest acceptable bidder. MSE over non-MSE by 15%.		
	Purchase Preference:- Under this policy some of the items are reserved to be procured from particular sector. i.e. 358 items are reserved for procurement from NSIC registered firms.		
(vi)	Rate Contract	Running Contract	
	Rate Contracts. The Rate Contract is a contract under which, during the period of its currency, the contractor engages to supply materials on demand, irrespective of quantity, at fixed unit rates or prices, within a given period of the receipt of such demand.		
	Running Contracts. The Running Contract is one under which, during the period of its currency, the contractor engages to supply, and the other party to the contract to take, a specified quantity (with a percentage tolerance either way) of materials, as and when ordered, at fixed unit rates or prices, within a given period of the receipt of such order.		
(vii)	Bill of Lading	Bill of entry	
	Bill of Lading is a legal document between the shipper of goods and the carrier, detailing the type, quantity and destination of the goods being carried. The bill of lading also serves as a receipt of shipment when the goods are delivered at the predetermined destination. This document must accompany the shipped goods, no matter the form of transportation, and must be signed by an authorized representative from the carrier, shipper and receiver.		
	Bill of Entry is an account of goods entered at a custom house, of imports and exports, detailing the merchant, quantity of goods, their type, and place of origin or destination. It is issued by the customs presenting the total assigned value and the corresponding duty charged on the cargo.		
3	Fill in the blanks		15
(i)	There are 7 Members of Railway Board including Chairman		
(ii)	Indian Railways have 16 Zonal Railway and 8 (Number) Production Units 1/2 1/2		
(iii)	EMU is the National Bird of Australia		
(iv)	CSTM(VT)Station (Name the Railway Station)is world Heritage Site as per UNESCO.		
v)	Vivek Express(From DIBRUGARH TO KANYKUMARI 4233)		

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	(Name the train) has the longest path i.e distance between starting and terminating station in India	
vi)	In our solar system, nearest planet to Earth is <u>VENUS</u>	
vii)	Our body prepares Vitamin <u>D</u> with the help of Sun.	
viii)	Minimum age for becoming member of Lok Sabha is <u>25</u> years	
ix)	National Anthem was written by <u>RABINDRANATH TAGORE</u>	
x)	<u>RABINDRANATH TAGORE</u> is the first Indian to win Noble Award	
xi)	Next Olympic will held in 2020 in <u>Tokyo/Japan</u> (Name the Country).	
xii)	<u>GORAKHPUR (1366MM)</u> Railway Station has the longest Railway Platform in India.	
xiii)	<u>BRAHMAPUTRA + INDUS(2900)</u> is the longest River in India.	
xiv)	Last SAARC conference held in <u>NEPAL (18th)</u> (Name the Country). 19 th in Pakistan was cancelled.	
xv)	<u>RAJASTHAN</u> is the largest state of India on the basis of area.	

Section B

I (a)	What are the provisions in Indian Railway Standard conditions of contract for dealing with the firms who either make late supplies or do not supply the material at all?	10
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Ans	<p>Clause 702 of IRS conditions of contract have provision for dealing with the firms who either make late supplies or do not supply the material at all.</p> <p>If the Contractor fails to deliver the stores or any installment thereof within the period fixed for such delivery in the contract or as extended or at any time repudiates the contract before the expiry of such period the Purchaser may without prejudice to his other rights :</p> <p>(a) recover from the Contractor as agreed liquidated damages and not by way of penalty a sum equivalent to 2 per cent of the price of any stores (including elements of taxes, duties, freight, etc.) which the Contractor has failed to deliver within the period fixed for delivery in the contract or as extended for each month or part of a month during which the delivery of such stores may be in arrears where delivery thereof is accepted after expiry of the aforesaid period, or</p> <p>(b) cancel the contract or a portion thereof and if so desired purchase or authorize the purchase of the stores not so delivered or others of a similar description (where stores exactly complying with particulars are not in the opinion of the Purchaser, which shall be final, readily procurable) at the risk and cost of the Contractor. It shall, however, be in the discretion of the purchaser to collect or not, the security deposit from the firm/firms on whom the contract is placed at the risk and expense of the defaulted firm.</p> <p>Where action is taken under Sub-clause (b) above, the Contractor shall be liable for any loss which the Purchaser may sustain on that account provided the purchase, or, if there is an agreement to purchase, such agreement is made, in case of failure to deliver the stores within the</p>	
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	period fixed for such delivery in the contract or as extended within six months from the date of such failure and in case of repudiation of the contract before the expiry of the aforesaid period of delivery, within six months from the date of cancellation of the contract. The Contractor shall not be entitled to any gain on such purchase and the manner and method of such purchase shall be in the entire discretion of the Purchaser. It shall not be necessary for the Purchaser to serve a notice of such purchase on the Contractor.	
(b)	What are the provisions in Indian Railway Standard Conditions of Contract for warrantee/guarantee of the goods supplied by a firm?	5
Ans	<p>Clause 3200 of IRS conditions of contract have provision for warrantee/guarantee of the goods supplied by a firm</p> <p>3201. The Contractor/Seller hereby covenants that it is a condition of the contract that all goods/stores/articles furnished to the Purchaser under this contract shall be of the highest grade, free of all defects and faults and of the best materials, quality, manufacture and workmanship throughout and consistent with the established and generally accepted standards for materials of the type ordered and in full conformity with the contract specification, drawing or sample, if any and shall, if operable, operate properly.</p> <p>3202. The Contractor also guarantees that the said goods/stores/articles would continue to conform to the description and quality as aforesaid, for a period of 30 months after their delivery or 24 months from the date of placement in service whichever shall be sooner, and this warranty shall survive notwithstanding the fact that the goods/stores/articles may have been inspected, accepted and payment therefore made by the Purchaser.</p> <p>3203. If during the aforesaid period, the said goods/stores/articles be discovered not to conform to the description and quality aforesaid or have deteriorated, otherwise that by fair wear and tear the decision of the Purchaser in that behalf being final and conclusive that the Purchaser will be entitled to reject the said goods/stores/articles or such portions thereof as may be discovered not to conform to the said description and quality. On such rejection, the goods/stores/articles will be at the Seller's risk.</p> <p>If the Contractor/Seller so desires, the rejected goods may be taken over by him or his agents for disposal in such manner as he may deem fit within a period of 3 months from the date of such rejection. At the expiry of the period, no claim whatsoever shall lie against the Purchaser in respect of the said goods/stores/articles, which may be disposed of by the Purchaser in such manner as he thinks fit. Without prejudice to the generality of the foregoing, all the provisions in the Indian Railways Standard Conditions of Contract relating to the 'rejection of stores' and 'failure' and 'termination' add and Clause 3100-02 above shall apply.</p> <p>3204. The Contractor/Seller shall, if required, replace the goods or such</p>	

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	portion thereof as have been rejected by the Purchaser, free of cost, at the ultimate destination, or at the option of the Purchaser, the Contractor/Seller shall pay to the Purchaser, the value thereof at the contract price and such other expenditure and damage as may arise by reason of the breach of the conditions herein before specified. Nothing herein contained shall prejudice any other right of the Purchaser in that behalf under this contract or otherwise.	
(c)	What are the provisions in Indian Railway Standard conditions of Contract for settling a dispute?	5
Ans	<p>Clause 2900 of IRS conditions of contract have provision for settling a dispute.</p> <p>Arbitration.</p> <p>(a) In the event of any question, dispute or difference arising under these conditions or any special conditions of contract, or in connection with this contract (except as to any matters the decision of which is specially provided for by these or the special conditions) the same shall be referred to the sole arbitration of a Gazetted Railway Officer appointed to be the arbitrator, by the General Manager in the case of contracts entered into by the Zonal Railways and Production Units; by any Member of the Railway Board, in the case of contracts entered into by the Railway Board and by the Head of the Organisation in respect of contracts entered into by the other Organizations under the Ministry of Railways. The Gazetted Railway Officer to be appointed as arbitrator however will not be one of those who had an opportunity to deal with the matters to which the contract relates or who in the course of their duties as railway servant have expressed views on all or any of the matters under dispute or difference. The award of the arbitrator shall be final and binding on the parties to this contract.</p> <p>(b) In the event of the arbitrator dying, neglecting or refusing to act or resigning or being unable to act for any reason, or his award being set aside by the court for any reason, it shall be lawful for the authority appointing the arbitrator to appoint another arbitrator in place of the outgoing arbitrator in the manner aforesaid.</p> <p>(c) It is further a term of this contract that no person other than the person appointed by the authority as aforesaid should act as arbitrator and that if for any reason that is not possible, the matter is not to be referred to 'arbitration at all.</p> <p>(d) The arbitrator may from time-to-time with the consent of all the parties to the contract enlarge the time for making the award.</p> <p>(e) Upon every and any such reference, the assessment of the cost incidental to the reference and award respectively shall be in the discretion of the arbitrator.</p> <p>(f) Subject as aforesaid, the Arbitration Act, 1940 and the rules</p>	

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	<p>thereunder and any statutory modifications thereof for the time being in force shall be deemed to apply to the arbitration proceedings under this clause.</p> <p>(g) The venue of arbitration shall be the place from which the acceptance note is issued or such other place as the arbitrator at his discretion may determine.</p> <p>(h) In this clause the authority, to appoint the arbitrator includes, if there be no such authority, the officer who is for the time being discharging the functions of that authority, whether in addition to other functions or otherwise.</p>	
2(a)	What are various objectives of Material Management function on Indian Railway?	15
Ans	<p>The main objectives of the material management function in the Indian Railways can be defined as follows</p> <ul style="list-style-type: none"> • To ensure availability of raw materials, semi finished and finished components, consumable and General Stores, Machinery and Plant and spares for Production/maintenance/Operational requirement. • To maintain uninterrupted supplies and quality materials, in time, to the user departments, at a minimum cost. • To minimise investment in inventories, purchasing cost, inventory-carrying cost, number of stock outs and percentage of obsolescent materials • To reduce materials cost through standardisation, variety reduction, value analysis, import substitution and by application of other techniques, contribution towards reduction of the over cost. • To satisfy the public accountability at all stages of the transactions relating to purchase storage, issue and sale of materials, in the best interest of the organisation. • To release the working capital for, more useful purposes by efficient control of inventories. • To avoid losses to the government due to deterioration of materials. 	
(b)	What are five essential principles to be followed during procurement?	5
Ans	<p>The five essential principles of the purchasing function are:</p> <ol style="list-style-type: none"> Right Quality Right quantity Right price and value for money Right delivery 'Time & Place' Right source of supply 	
3	What should be the important yardsticks on the basis of which efficiency of Stores Department of Indian Railways should be measured? Please explain various measures to be taken to improve efficiency.	20

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Ans	<ul style="list-style-type: none"> • Efficient & effective materials planning • Availability of items:- Safety Items, Must change Items, Vital Items & Overall Items • Timely Coverage of Stock & Non-stock demand • Efficient Contract Management:- Minimum Retendering, Average Tender settlement Time to be minimum - TC tender 60 Days, Direct Acceptance tender - 30 days, Minimal issue of amendment in purchase order, adopting of Rate Contracts • Adoption of unified PL Numbers • Inventory Turn Over Ratio:- Physical Inventory (w/o fuel) and with fuel, Suspense Balances • Uniform compliance • ISO certification • Timely grant of Receipt note, Clearance of rejection cases, Clearance of stock sheet • Modernization of Depots:- Materials Handling Equipments to improve productivity • Minimal Inactive & surplus items • Vendor management:- Vendor registration, Reviewing Vendor Performance • Support to MSME sector • Adoption of E-procurement, Auction • Identification of scrap materials and its disposal 	
4(a)	Describe general principles to be followed while accepting or rejecting the bids received in a tender?	10
Ans	<ul style="list-style-type: none"> • Whether the tender under consideration is under your competency. • Whether the bid has been signed and in proper format • Whether firm has submitted tender cost and EMD or firm is registered with NSIC/MSME for the item to be purchased • Is firm registered with Railways/RDSO/PUs etc for waiver of EMD • Materials offered are as per description & specification of the tender or offered any deviation. • If bidder offered any deviation, is it acceptable. • If acceptable, whether it is a minor or major deviation and does it have any financial implication. • Whether the bid is eligible as per eligibility criteria of the tender • Whether bid is technically suitable • Whether firm has offered delivery as per tender or is the delivery offered is acceptable • Whether firm has submitted the performance statement or had supplied the item to our Railways or other Railways. • If supplied to our Railways, whether supply/quality performance is satisfactory or not • Whether bidder is lowest or not. If bid lowest, whether price offered by the bidder is reasonable or not • Whether Terms and conditions of the offer is acceptable or not 	

(b) Under what conditions/circumstances, the splitting of quantity between two or more tenderers is justified and how the quantity is distributed. Discuss in details 10

Ans Where warranted, the tendered quantity may be split and tender decided in favour of one or more firms on merits of each case in consultation with Associate Finance and with the approval of the authority competent, to accept the tender having due regards to the following factors:-

- i) Vital/Critical nature of the item
- ii) Quantity to be procured
- iii) Delivery requirements;
- iv) Capacity of the firms in the zone of consideration; and
- v) Past performance of firms;

Splitting should not be done merely with a view to utilising developed capacity of the different sources but should be for valid reasons to be recorded in writing for splitting the tender quantity.

In all cases of pre-decided split ordering, the same should be indicated in the tender document. Further the conditions as below should also be given in the tender:

- i) The Purchase reserves the right to distribute the procurable quantity on one or more of the eligible tenderers. Zone of consideration of such eligible tenders will be the right of the Purchaser.
- ii) Whenever such distribution/splitting of the tendered/procurable quantity is made, the quantity distribution will depend(in inverse manner) upon the differential of rates quoted by the tenderers (other aspects i.e adequate capacity-cum-capability, satisfactory past performance of the tenderers, outstanding orders load for the Railway making the procurement, quoted delivery schedule vis-à-vis the delivery schedule incorporated in the tender enquiry etc.being same/similar) in the manner detailed in the table below:

Price differential between L1 and L2	Quantity distribution between L1 and L2
Upto 3%	60 : 40
More than 3% & upto 5%	65 : 35
More than 5%	Atleast 65% on the L1 tenderer. For the quantity to be ordered on the L2 tenderer, TC/TAA should decide keeping in view conditions laid down in paras (iv) (b)(iii) and (iv) at Page 3 of Railway Board's letter dated 15/10/2007.

- iii) If splitting of quantity is required to be done by ordering on tenderers higher the L2 tenderer, then the quantity distribution

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	<p>proportion amongst the tenderers will be decided by transparent/logical/equity based extrapolation of the model indicated in Para 4.1. above.</p> <p>iv) The purchaser reserves the rights to counter offer the lowest acceptable rate for bulk ordering to the higher tenderer(s). In the event of rejection of such counter offer(s), the purchaser will reserve their right to decide on the quantity distribution ratio/proportion.</p>	
5 a)	What are the various agencies of procurement and generally what type of items are procured through these agencies?	10
Ans	<p>Various agencies of procurement are:-</p> <p>(i) Railway Board:- Locomotives, Carriages, Wagons and certain nominated spares/ components therefore. HSD & certain petroleum products, Wheels, Tyres and Axles, Rails, Fish-plates and points & crossings, Sleepers, Track Machines</p> <p>(ii) Purchase through DGS&D :- Certain general items common to all ministries of central Government</p> <p>(iii) Centralised Procurement through certain Production Units or Zonal Railways:- Nominated Spares for Diesel Locomotives through DLW, DLMW. Nominated electrical spares of Electric Locomotives by CLW, Nominated spares of coaches through RCF & ICF, MICO spares by SR etc</p> <p>(iv) Various type of springs by Spring Karkhana Sitauli, Wheels & Axles by RWF Bangalore and Wheel Factory Bela</p> <p>(v) Zonal Railways – Direct Procurements</p> <p>(vi) COFMOW</p>	
b)	What are the different modes of Tendering and under what conditions these are followed?	10
Ans	<p>a) Open Tender/Advertised Tender – Indigenous Items & Value of purchase costing above Rs.25 lakhs</p> <p>b) Global Tender – Imported Items & Value of purchase costing above Rs.25 lakhs</p> <p>c) Limited Tender & Bulletin Tender - Value of purchase costing below Rs.25 lakhs</p> <p>d) Special Limited Tender – Safety Item or in Emergency where value of purchase is above Rs.25 lakhs</p> <p>e) Single Tender – PAC Items, small value purchase, developmental purchase</p>	
6(a)	Stores depot is having 10 days stock of a high value item, whose annual consumption is Rs.120 Lakhs. In this situation, what action you will take immediately, to ensure availability of at least 3 months requirement.	8
Ans	<ul style="list-style-type: none"> • If valid option clause is available in previous purchase order with 	

earlier delivery, same will be operated.

- Local Purchase by Depot officer can be made for ex-stock quantity for some quantity within their power of purchase.
- Annual Consumption is 120 Lakhs, hence monthly consumption is Rs.10 lakhs.
- Value of 3 months requirement is Rs.30 Lakhs.
- An emergency procurement for 3 months requirement will be made by HQ, through Limited Tender including the last successful suppliers with short due date, with one month requirement delivery as ex-stock and balance within 1/2 months.

(b) List various levels of tender committee to deal with tender and Tender Accepting Authority. 12

Ans Tender Committee

- Tender committee is nominated for evaluation of high value tender costing above Rs.45 Lakhs.

Level of Tender Committees & TAA:

Value Rs. in Crs	Convener (Stores Member)	Technical Member (Indenting Department)	Finance Member	Tender Accepting Authority
0.45 to 5	DyCMM	JAG/SG	JAG/SG	CMM
5 to 200	CMM	SAG	SAG	COS
200 to 500	COS	PHOD/CHOD	PHOD/CHOD	AGM*
> 500	COS	PHOD/CHOD	PHOD/CHOD	GM

Where AGM is not there GM will be the TAA

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Ans Total value of tender $4500 \times 50,000 = 22,50,00,000/-$ (Rs.22.50 crores) -

As per latest provision & circular issued by CR on 9.2.2017

Level of TC = SAG Level
Acceptance Level = COS

C.P 01.06.17 to 31.05.2018

Stock = 400 Nos.

C/Dues = 600 Nos.(DP expired)

Buffer period = 2 months

AAC 16-17 = 3000 Nos. (250 p.m)

AAC 17-18 = 3600 Nos. (300 p.m)

Requirement of CP = 3600 Nos.

Requirement of IP i.e 1.2.17 to 31.5.17 + 2 months buffer (6month)=1500 Nos.

Total requirement = $3600 + 1500 = 5100$ Nos.

	<p>Net Requirement $5100 - 400 - 600 = 4100$ Nos</p> <p>(a) Net Quantity to be recommended for procurement against this tender will be 4,100 Nos.</p> <p>Various bids are:-</p> <ul style="list-style-type: none"> - X Rs.50,000/- each with DP to start from Aug.17 @ 150 Nos. per month. - Y Rs.51,000/- each with DP to start from April 17 @ 100 Nos. per month - Z Rs.51,500/- each with DP as 100 Nos. exstock and balance to start from July 2017 @ 200 Nos. per month. <p>Net requirement upto 31.05.17 = $1500 - 400 = 1100$ (As DP for 600 expired & requested for extension of DP by 6 month.</p> <p>(b) Current stock will last upto Mid March so distribution can be</p> <p>X = 2300 Nos. @ their quoted price and request the firm to improve upon delivery.</p> <p>Y = 1600 Nos. @ Counter offering the price of lowest bidder and request the firm to improve upon delivery.</p> <p>Z = 100 Nos Ex.stock with time preference clause and 1100 nos. @ Counter offering the price of lowest bidder and request the firm to improve upon delivery.</p> <p>(c) DP will be extended for 600 Nos with LD + DC as price is lower than the price received in the tender.</p>	
		20
8	Write short notes on any five	
A	<p>Procurement of PAC item</p> <p>The following procedure should be followed in procurement of PAC items :-</p> <ul style="list-style-type: none"> • The proprietary article certificate shall be issued & signed by an officer of the consuming department in the proper proforma. • The proprietary article certificate shall be signed by JS/SS Officer: Upto Rs 75,000/- and above Rs.75,00/- to be countersigned by appropriate level, depending on the value of the material indented i.e. JAG/SG officer: Upto Rs 3 lakhs, SAG officer: Upto Rs. 15 lakhs and PHOD /CHOD of the user Dept: Above Rs. 15 lakhs. • The powers of Stores Officer to issue Single tender, in the case of proprietary articles is <ul style="list-style-type: none"> (vi) PAC Item with (PAC- c certified) :- upto concerned officer's level of acceptance (vii) PAC Item with (PAC- a certified) :- COS – Rs 15 lakhs, CMM – Rs 8 lakhs, Dy.CMM – Rs 5 lakhs, SMM- Rs.3 lakh, AMM – Rs.1 lakh <p>• Procurement of stores on proprietary basis completely eliminates</p>	

	<p>Net Requirement $5100 - 400 - 600 = 4100$ Nos</p> <p>(a) Net Quantity to be recommended for procurement against this tender will be 4,100 Nos.</p> <p>Various bids are:-</p> <ul style="list-style-type: none"> - X Rs 50,000/- each with DP to start from Aug 17 @ 150 Nos. per month. - Y Rs 51,000/- each with DP to start from April 17 @ 100 Nos. per month - Z Rs.51,500/- each with DP as 100 Nos. exstock and balance to start from July 2017 @ 200 Nos. per month. <p>Net requirement upto 31.05.17 = $1500 - 400 = 1100$ (As DP for 600 expired & requested for extension of DP by 6 month.</p> <p>(b) Current stock will last upto Mid March so distribution can be</p> <p>X = 2300 Nos. @ their quoted price and request the firm to improve upon delivery. Y = 1600 Nos. @ Counter offering the price of lowest bidder and request the firm to improve upon delivery. Z = 100 Nos Ex stock with time preference clause and 1100 nos. @ Counter offering the price of lowest bidder and request the firm to improve upon delivery.</p> <p>(c) DP will be extended for 600 Nos with LD + DC as price is lower than the price received in the tender.</p>	
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	<p>competition and could lead to higher prices. The indenting authorities before indenting for proprietary articles and certifying them so, should therefore fully satisfy themselves that no acceptable substitutes are available.</p> <ul style="list-style-type: none">• The Proprietary Articles certification should not be accepted by Purchase officer as a matter of course and Indenting Officers should be advised to carefully evaluate the merits before signing such a certificate• All Railways shall ensure publication of rates of PAC purchase and that items procured on PAC are separately grouped while publishing the particulars in the Indian Trade Journal.• The Railways will issue advertised tenders for PAC items once in 2 years in cases of value exceeding Rs. 2 lakhs	
B	<p>Risk Purchase: - Purchaser procures the materials at the risk & cost of defaulter firm, who has failed to supply the materials against the purchase order placed by the Purchaser.</p> <ul style="list-style-type: none">• on identical terms of the original contract such as mode of tender, specification, terms of payment, inspection authority, conditions regarding liquidated damages, arbitration etc.• must be effected under the same or similar conditions of competition as the original purchase, so that it is made at lowest market rate.• The defaulter to be given tender along with risk purchase notice.• Defaulter can submit the bid with 10% security deposit to ensure against the second default and his bid to be considered, if lowest. As he is entitled to an opportunity to minimize his loss.• The amount of security also can be enhanced in suitable cases where the defaulter's quotation and the next best quotation indicates that the loss is more than 10 percent subject to the defaulter accepting these special terms.• if he is excluded, it would end in a risk of being denied the risk purchase extra expenditure exceeding his offer.• The Risk purchase should be effected within 6/9 months for common items (i.e. items easily available)/ of stores not easily available in the market	
C	<p>Extension of Delivery Period</p> <ul style="list-style-type: none">• No extension of delivery date is to be granted as a matter of routine unless it is specifically asked for by the supplier.• Extension of delivery date can be only with the consent of both the parties (i.e. the purchaser and supplier)• The extension of delivery dates may be sanctioned at the discretion of the authority, which accepted the tenders provided –<ol style="list-style-type: none">a. that the rate in the contract was not accepted against other lower tenders in consideration of the date of delivery ;b. that he is satisfied that the delay will not cause loss or damage or in case of special purchases, the indenting party certifies that	

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	<p>no loss on account of late delivery would be sustained; and</p> <p>c. that in any case which does not satisfy any or both of the above conditions, such sanction shall be given only in consultation with his Financial Adviser and after taking legal advice, if necessary.</p> <ul style="list-style-type: none"> • If extension of delivery period to be granted suomoto in the interest of the administration because of the sources of supplies being limited or as otherwise inescapable, then obtain an acceptance absolute or unqualified to all the terms and conditions of the extension from the supplier. • Recover from the supplier as agreed Liquidated Damages and not by way of penalty, a sum equivalent to 2 % of the all inclusive price of any stores for each month or part of a month, which the supplier has failed to deliver within the delivery period fixed in the contract subject to a maximum of 10% of value of the delayed supplies. 	
D	<p>Security Deposit:- It is the amount deposited by supplier with the purchaser, to ensure safeguard against breach of contract placed by purchaser on the supplier.</p> <ul style="list-style-type: none"> • The security deposit /Performance guarantee to be taken from all the firms on whom the contracts have been placed for all safety items above Rs. 10 lakhs irrespective of mode of tendering and even from NSIC approved firms also. • For procurement of Safety items upto Rs. 10 lakhs the existing rules on SD shall apply i.e SD shall be taken from all firms subject to existing exemptions given to Vendors registered with NSIC upto the monetary limit of their registration for the items ordered or Vendors registered with Railways upto the monetary limit of their registration for the items ordered / trade groups for items ordered or vendors on approved list of RDSO / PUs / CORE / Railways etc. for those specific items for which they are on approved list or other Govt. Departments on their specific request and on merit of the case. • Other than Safety Items : The Security deposit shall be taken from all firms for items other than safety items placed against advertised tenders, ST, LT, SLT and Global tenders subject to following exemptions : <ul style="list-style-type: none"> (i) Vendors registered with NSIC upto monetary limit of their registration for the items ordered/trade groups of items ordered (ii) Vendors registered with railways upto monetary limits of their registration for the items ordered/trade groups of items ordered or vendors on approved list of RDSO/PUs/CORE/Railways etc. for those specific items for which they are on approved list or other Railways, Govt. departments on their specific request and merits of the case as considered by tender committee. • The usual security deposit, should, however be taken in case the contracts placed on unregistered/unapproved firms or for items for which a particular firm is not registered/approved • The amount of SD to be taken, wherever applicable, will be 10% of 	

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	the total value of contract subject to upper ceiling of Rs. 10 lakhs for contracts upto Rs. 10 Crores & Rs. 20 Lakhs for contracts above Rs. 10 Crores.	
E	General Damages	
	General Damages: - Where liquidated damages cannot be levied in a contract according to legal opinion, general damages may be levied. GD can be levied upto 10% of the value of unsupplied quantity.	
F	Part I & Part II approved sources.	
	<ul style="list-style-type: none"> Railway procures some of the items from RDSO/PUs/CORE approved sources approved. RDSO/PUs/CORE etc approved the sources as Part I or Part II approved sources based on their capacity, capability, field trials, type test etc. Status of firm is reckoned as on the date of tender opening. However if a firm is downgraded, removed, suspended or banned the same shall be taken into account while deciding the tender. Generally bulk purchase is to be made only from firms approved as Part I sources, where procurement to be made from approved sources. Ordering on firms approved by RDSO/CORE/PUs as Part II vendors is to be limited upto 15% quantity normally. Ordering on Part-II approved source can be beyond 15% or highest quantity of a past order for the tendered item successfully executed in the preceding 3 years in the same Railway unit or other Railway Units / PUs, whichever is higher, subject to (i) maximum of 25% of the net procurable quantity in the given procurement case, being satisfied about the financial capacity, performance aspects, etc of the firm 	

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→ when RL is not possible.

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Paper II

Q.1(a)	What do you understand by Stock Verification and its importance?	10																						
Ans	<p>Stock Verification:- The object of Accounts Stock Verification of Stores in the custody of the Depot and other Departmental Officers is to ensure that the materials are as per description & specification and ground balance shall be as per shown in the books. Any excess or deficiencies, if any, noticed on such verification are properly investigated and accounted for. It prevent leakage, pilferage, break down etc.</p> <p>Frequency of Verification. The programme of inspection of stock should be so arranged that all materials are verified as shown below :</p> <table border="1"> <tr> <td>1. Materials-at-site -works</td><td>Ordinarily once a year.</td></tr> <tr> <td>2. Stores with Imprest holders</td><td>Once in two years.</td></tr> <tr> <td>3. All tools and plant</td><td>Once in 3 years.</td></tr> <tr> <td>4. All materials in a Depot as under :</td><td></td></tr> <tr> <td>4.1 A category items</td><td>Once in 6 months.</td></tr> <tr> <td>4.2 B category items</td><td>Once in a year.</td></tr> <tr> <td>4.3 C category items</td><td>Once in two years.</td></tr> <tr> <td>4.4 D category items</td><td>Once in a year.</td></tr> <tr> <td>4.5 Miscellaneous items - Stores under the custody of Inspectors entrusted with tools, instruments, etc.</td><td>Once in 3 years.</td></tr> <tr> <td>4.6 Verification of in-proces- inventory in all workshops and Production Units especially in respect of costly and pilferable items as per Board's letter No. 77/RS (TC)/165/28 of 9-01-1978.</td><td>Once in 3 years.</td></tr> <tr> <td>4.7 Machinery and plant.</td><td>Once in 3 years.</td></tr> </table> <p>Department Stock Verification. Depot officer can arrange departmental verification in addition to Accounts Stock Verification to have a "back check" on the correct receipt and issue of stores in the Wards. The Depot Officer may waive verification in the following circumstances.</p> <p>(a) Where the item has been verified by the Accounts Department within the last three months.</p> <p>(b) Where the Accounts Verification of the particular class of stores is in progress and, the item is likely to be verified within the next two months.</p> <p>(c) Where the item has heavy balances the verification of which involves much labour and handling charges.</p>	1. Materials-at-site -works	Ordinarily once a year.	2. Stores with Imprest holders	Once in two years.	3. All tools and plant	Once in 3 years.	4. All materials in a Depot as under :		4.1 A category items	Once in 6 months.	4.2 B category items	Once in a year.	4.3 C category items	Once in two years.	4.4 D category items	Once in a year.	4.5 Miscellaneous items - Stores under the custody of Inspectors entrusted with tools, instruments, etc.	Once in 3 years.	4.6 Verification of in-proces- inventory in all workshops and Production Units especially in respect of costly and pilferable items as per Board's letter No. 77/RS (TC)/165/28 of 9-01-1978.	Once in 3 years.	4.7 Machinery and plant.	Once in 3 years.	
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	<p>Stock Verification Sheets If the physical balance or stock agrees with the book balance no stock verification sheets to be prepared. The official making the verification will merely make an entry in the ledger card/bin card to show that the physical balances agree with the book balances. Stock Verification Sheets are to be prepared, if there is an excess of stock or deficiency in stock. The stock sheets should, however, on no account be detained longer than two days after the date of verification.</p>	
b)	Describe stores budgeting in brief. How are the various entries of stores budget related to other budgets of the Railways? Explain by giving examples?	15
Ans	<p>Stores Budget for the Next Year (BE) and RE for the current year should be prepared in the proper format by COS office with the assistance of SAO and submitted to the Railway Board Stores.</p> <p>(I) The figures to be shown as the closing balance for current year & opening balance for the next year will be an estimated figure made up of :</p> <ul style="list-style-type: none"> (a) The estimated book value of stores expected to be in the stock including scrap at the end of the current year, (b) The estimated net result of outstanding balance under Stores-in-transit, Stores Purchase Suspense, Sales Suspense and (c) The amount expected to be outstanding in the stock Adjustment Account after the accounts for the current year are closed. <p>(II) Before preparing Part I i.e. Receipt of Stores, Part II is prepared that relates to the issue of materials to Works (special works), Workshops (Capital WMS), Miscellaneous Advance Capital (MAC 7300), Divisions & Imprests (Revenue), to sales of scrap & other sales, Inter Railway Transfer (scrap & other than scrap).</p> <p>Then estimated value of issues, within the demands i.e. WMS, Works & MAC, are deducted to arrive at Total Credits during the current year & next year.</p> <p>(III) The figures for the expected closing balance for the next year will work out as above in Para I.</p> <p>(IV) Part I i.e. Receipt of Stores is prepared i.e. value of stores to be received through Purchases (imported, indigenous, DGS&D), from Shop manufactured item, scrap & other returned stores from workshop, scrap & other returned materials from divisions, works and other debits on account of receipt from fabrication, transfer of stores from other Railways & stock adjustments.</p> <p>Then estimated value of issues, within the demands i.e. from stores suspense to WMS, Works & MAC, are deducted to arrive at Total debits during the current year & next year, which is the budget allotment for Stores Budget for stores other than fuel.</p> <p>Similar exercise is to be done for fuel also.</p>	

	<p>Various entries of stores budget are related to various heads of store budget & other budgets of the Railways as under:-</p> <p>Imported Purchases (Capital 7110). The debit to the head will be through Payments made for Purchase and credit will be through a Receipt Note by contra debit to P7160 'Stores in Stock'.</p> <p>Purchases (Capital 7120 and 7130). The debit to the head will be through Payments made for Purchase and credit will be through a Receipt Note by contra debit to P7160 'Stores in Stock'.</p> <p>Sales (Capital 7140 and 7150). As value of material sold by the Railway is received in advance of actual issue of stores, the credit to this account will appear earlier than the debit. Debit will be through a Sale Issue Note by contra credit to P7160 'Stores in Stock'.</p> <p>Miscellaneous Advances (Capital 7300). This head will be debited with the value of stores issued on suspense account by credit to 'Stores-in stock P7160' and will be credited when the stores are returned by debit to 'Stores-in stock P7160' or to the final heads of account.</p> <p>Deposits Miscellaneous. This head will be credited with the value of stores obtained on loan from other Railways or Government departments by debit to 'Stores-in stock P7160' and will be debited per contra, when the Stores are returned.</p> <p>Stores in Stock (Capital 7160). The transactions affecting this head are in respect of the value of stores received or issued from a stores depot. The debits to this head are by credit to the following heads, in addition to those already mentioned above.</p> <ol style="list-style-type: none"> Transfers from Workshops (WMS) on account of shop manufactured items supplied to store depots and also the value of stores returned to depots (scrap). Transfers from Divisions (Revenue), Imprest, Engineering Plant Account on account of stores returned by departments to depots (scrap). Depot Transfer, Stock Adjustment Account. <p>The credit to this head (Stores-in-Stock) will be by debits to Transfers i.e. issue of materials to Workshops (WMS), Divisions & Imprests (Revenue), Depot Transfer, Store-in-Transit, in addition to the heads of accounts already mentioned above</p>	
Q.2	Write short notes on any five of the following-	5x5
(i)Ans	<p>Canons of Financial Propriety:</p> <ul style="list-style-type: none"> Spending of Govt. money as if it is your own money and also as per the need of the occasion. Competence for making the expenditure and shall not be for own advantage. Public money can not be used for benefit of self or any other individual or 	

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	<p>group, exception the awards by Court of law, personal award of small value.</p> <ul style="list-style-type: none"> • TA, DA or other allowance shall not be source of income.
(ii)	<p>Stock sheets :</p> <ul style="list-style-type: none"> • Stock sheet is prepared in the depot for accountal of unconnected material or by stock verifier when there is a difference in ground balance & ledger balance. • This shows all the details, Price List No., Description, specification, unit, Bin Card balance, ground balance, Excess / Deficiency, etc. • Stock sheet for unconnected materials is cleared when the proper papers are unconnected. • On receipt of the discrepant stock sheets in the depot from stores accounts, remarks of the custodian are called for and investigated by the CDMS • The explanation/remarks offered by the custodian, in regard to the discrepancies noticed on the verification, are scrutinized and the excess or shortage revealed in the stock sheets are recommended for acceptance by the competent authorities on its merits. • On approval by the competent authorities, the stock sheets are forwarded to the Stores Accounts for further action to clear the stock adjustment account. • If the staff is held responsible for the discrepancy, disciplinary action is taken against him and in case of shortages, the amount of loss is recovered from his salary.
(iii)	<p>Capital and Revenue Account</p> <p>Two heads of Accounts under "Capital" and 'Revenue' are generally operated upon the accounts books of the Stores Accounts Office which is mainly concerned with the accountal of transactions connected with 'Stores'.</p> <p>Capital:- It is the account related to procurement of materials under Demand 16. 71 Stores Suspense has following subheads.</p> <p>7110 Purchases Imported</p> <p>7120 Indigenous Purchase by Railways including Railway Board.</p> <p>7130 Purchases through Centralised Agencies such as DGS & D, etc,</p> <p>7140 Sales other than Fuel</p> <p>7150 Sales (Fuel).</p> <p>7160 Stores-in-Stock.</p> <p>7170 Stores-in-Transit</p> <p>7180 Stock Adjustment Account.</p> <p>7190 Stock Adjustment Account Other items</p> <p>Revenue. It is the account related to Working Expenses. The following are the heads of accounts under Revenue :</p> <p>(i) Revenue Abstracts</p> <p>(ii) Miscellaneous Advances</p> <p>(iii) Deposits-miscellaneous</p> <p>(iv) Transfers-Divisional</p> <p>(v) Transfers-Railways.</p>

(iv)	<p>Purchase Suspense and Sales Suspense</p> <p><u>Purchase Suspense:-</u></p> <ul style="list-style-type: none"> • When the advance payment is made and material is not received then the payment appears as Purchase Suspense. Attempt should be made to reduce the purchase suspense as it is added to inventory and material is not available for use. • If material is received & accounted for but payment is not made then it will result in negative purchase suspense. <p><u>Sales Suspense:</u></p> <p>After the sale of scrap or sale to other Railways/Govt. Department, the advance payment is received but material is not issued to the Purchasers or Govt. Department then it appears as negative Sales Suspense.</p>	
(v)	<p>Charged off Stores or Custody Stores:-These stores chiefly consist of items obtained by the Mechanical Department for the construction of rolling stock/sanctioned under Capital or Revenue Programme. The stores are directly received by user department and paid for, the cost is at once debited to the works concerned. Instead of stocking the stores in the workshops, these are kept in safe custody of stores depot, until they are required by users. Proper numerical records are maintained by Stores department.</p> <p>These stores are kept in a separate enclosure with definite bin or stacking space allotted to each part or price list number. The Invoice and Receipt Notes (S-719) or the Receipt and Issue Note (S 726) printed on different colour paper then the forms used for dealing with regular stores for stock purposes in the stores depot.</p> <p>A return of all "Custody Stores" in stock as on 31st March each year should be prepared by the Store Department and furnished to the Workshop Accounts Officer.</p> <p>These stores should be verified annually by the store verifiers of the Accounts Department.</p>	
(vi)	<p><u>Stock Adjustment Account: 7180 & 7190</u></p> <ul style="list-style-type: none"> • The difference between ground balance and book balance under various heads as given below <p>7181-Difference between the ledger balances and ground balances discovered by the Stock Verifier.</p> <p>7182-Difference between the ledger balances and ground balances discovered during departmental stock verification.</p> <p>7183-Differences arising out of revaluation of stocks due to market fluctuation of Purchased stores.</p> <p>7184-Differences arising out of revaluation of stocks due to market fluctuation of shop manufactured stores.</p> <p>7185-Differences in book value and value realised in Sales.</p> <p>7186-Loss in classification of new stores as second hand/scrap</p> <p>7187-Other losses i.e. breakage, leakage or losses on Transfer</p> <p>7188-Roundidgoff.</p> <p>7189-Loss due to enemy action</p>	

	<p>7191 - Miscellaneous Items (adjusted through De- 7192- Value brought on books through Depot Stock Sheets pending receipt of vouchers.</p> <ul style="list-style-type: none"> • Difference is required to be replied by concerned DMS. The responsibility is fixed in case DMS is responsible. 	
(vii)	<p><u>Liability Register:-</u></p> <ul style="list-style-type: none"> • Liability register is maintained by executive office to record the liabilities incurred by spending units. • Contracts are released after entering the value of the contract in this register as this is the liability for the railways to be discharged. • The contractor name, name of work or items, contract number & date to be shown in the register. • Apart from the liability of the unit, it serve as a tool to forecast the budget grant for current year and also estimation of throw forward expenditure for the preparation of budget for the ensuing year. • It act as a control tool for expenditure. 	
Q.3(a)	Please discuss various type of leave that can be granted to permanent railway employee?	15
Ans	<ul style="list-style-type: none"> • Casual Leave 8 days in a year • Restricted holiday 2 days in a year • Leave average pay : credited @ 15 days on 1st Jan & 1st June. • Half Leave Average Pay:- Credited @ 10 days on 1st Jan & 1st July. HLAP can be commuted in case of sickness. • Study Leave: 2 years subject to conditions. • Maternity leave : 6 months. • Paternity leave : 15 days • Leave not due : Granted to a permanent employee when no other leave is balance at credit and there are reasonable prospects of his coming back on duty. • Child Care leave – 730 days during entire service for taking care of upto 2 eldest surviving children below 18 years. • CL to employee with disabilities: additional benefit of 4 days leave should be granted in form of special CL in a calendar year in addition to 8 days granted to all other employee. • Hospital Leave • Special CL to sports person, union meeting bearers. 	
b)	Describe the minor penalties that can be imposed on railway employee under D&A rules ?	10
Ans	<p>Minor penalties are as follows:</p> <ul style="list-style-type: none"> • Censure • Withholding of his promotion for a specified period • Recovery from his pay of the whole or part of any pecuniary loss caused by him to the Government or Railway Administration by negligence or breach of orders 	

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	<ul style="list-style-type: none"> • Withholding of the privilege passes of PTOs or both • Reduction to lower stage in the time scale of pay by one stage for a period not exceeding 3 years without cumulative effect and not adversely affecting his pension. • Withholding of increments of pay for a specified period with further directions as to whether on the expiry of such period this will or will not have the effect of postponing the future increments of his pay. 	
Q4 a)	If staff of stores depot resort to flash strike, what action will you take as depot officer?	15
Ans	<ul style="list-style-type: none"> • Before going for strike, staff has to give 21 days advance notice, about their demands or problems faced by them to the Administration through recognised union. • Union has to give reasonable time to administration to resolve the problems, if any within frame work of Rules & regulations. • If still staff goes for flash strike without giving notice, depot officer has to declare the strike illegal. • To inform HQ & Local higher official (workshop or shed incharge) • To inform RPF so as to avoid damage • To pacify the staff & staff should be asked to resume their duties unconditionally & immediately. • To issue show cause notice to concerned staff for non exhausting the proper channel • DAR action can also be initiated against the staff indulged in such activities 	
b)	If your DMS has reported a theft in the stores depot, what action will you take as depot officer?	10
Ans	<ul style="list-style-type: none"> • In case of theft, DMS custodian of the concerned ward & CDMS of depot to report the matter to depot officer immediately. • Depot officer to inform immediately to COS office, RPF officer & outpost and Sr.ISA and Workshop/Shed incharge if depot is attached to them. • FIR under RP(UP) act 1969 may be registered with concerned RPF post attached to depot. • To order for immediate departmental stock verification of the concerned ward or lying in open area where theft is suspected. • ISA to prepare stock sheet for assessing the loss. • ISA to handover detailed report to depot officer & concerned account officer. • To apprised the HQ about the report and further progress of the case. • RPF to carry out their investigation report and inform Local Police wherever necessary. • After getting all reports, fixing up of responsibility has to be done. • if staff is involved, necessary action to be taken against the staff and process for write off, in case materials is not recovered or partially recovered. 	
	Section B	
1.	Write short notes on any five of the following	5x5
a)	Procedure for opening of new item in stores depot:	

	<ul style="list-style-type: none"> • Prescribed procurement is required to be submitted by Executive Dept through nominated depot. • Justification should include the need, estimated quantity required per year and last 3 years consumption. • Proposal shall be signed by SAG officer of indenting department. • By opening new item, whether any other stock item will become obsolete, with stock availability and disposal of that item. • The stocking proposal is submitted to COS Office through nominated depot which is evaluated in HQ. • An alternate material which is already in stock can be offered by HQ • Stocking sanction granted by CMM.
b)	<p>Rejection of unacceptable Stores & its disposal</p> <ul style="list-style-type: none"> • Rejection advise to be issued to firm, inspecting agency, purchasing authority & concerned account officer, if materials is not found as per specification & description as per purchase order. • Rejection advise has to be issued within 30/45 days from the receipt of materials, giving details reasons of rejection • Firm is advised to lift/replace the rejected materials within 14/21 days from the receipt of the letter. • If firm accept the rejection, firm is allowed to lift the rejected materials after depositing the advance payment if made, testing charges if any, ground rent if firm fail to lift rejected materials within 14/21 days & other incidental charges. • If supplier does not accept the rejection or fail to replace the materials, then concerned account officer is advised to make recovery of advance payment from pending bills. • In case firm not accept the rejection, joint inspection is carried out by inspecting agency, supplier, indenting officer & depot officer • Based on the joint inspection report, materials are finally accepted or rejected. • In case of final rejection, firm is allowed to lift the rejected materials after depositing the advance payment if made, testing charges if any, ground rent if any & other incidental charges.
c)	<p>Commercial claims :-</p> <ul style="list-style-type: none"> • are lodged when materials are despatched through parcel way bill or RR & materials received either in short or in damage condition. • Before taking the delivery, check whether seal of wagon is intact or in case of parcel, whether parcel is intact and not damaged. • In case of seal is broken or parcel is damaged, take the open delivery • Any shortfall in quantity or damaged stock shall be recorded • Take shortage or damage certificate from commercial department • Lodge the claim for shortage & damaged with commercial claim office • If consignment is not received within 6 months from the date of despatch, claim to be lodged with commercial department. • If value of consignment is upto Rs.8000/- lodge claim at divisional level and if above Rs.8000/- lodge claim at HQ level

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	<ul style="list-style-type: none">Follow up the same till claim is finalized	
d)	<p>Reserve Price is the price fixed for each lot by auction conducting officer prior to auction and is based on</p> <ul style="list-style-type: none">Highest bids received during the last three auction & last sale rateCurrent market trendRate received in nearby auctionCondition and position of lotAny other information. <p>Reserve price is kept as a well guarded secret, based on which auction conducting officer can reject the bid or withdraw the lot from auction. Reserve price for the condemned locomotives, non-ferrous scrap is fixed by HQ in consultation with accounts.</p>	
e)	<p>Standardization & Variety Reductions</p> <p>The fundamental feature of standardization is to effect economy by simplification and rationalization. Standard is a rule or model to be followed which is established by authority, custom and general consent. Standardization helps to reduce unnecessary and costly variety of products to the actual minimum need and thereby prevents national waste of available resources of raw materials, labour and manufacturing capacity, which could otherwise be used for producing other items required. Standards put vendors on comparable basis and as such promote competition. There is an immediate extension of sources of supply where a few existed before. Since the materials according to specification are available from stock, inventory holding can be reduced. Standards ensure the best value of money spent on buying.</p> <p>Importance of variety reduction:- Variety reduction is to rationalize the number of items to be kept in stock and eliminate non-standard and non-rationalized sizes, whose demands may be Nil or Meager. This will help the management in reducing the unit cost, because fewer items will be purchased in large quantities and also the inventory carrying cost is reduced by the reduction of the inventory holding.</p> <p>By standardization and simplification, it would be possible to ensure maximum convenience of inter-changeability of parts.</p> <p>So, variety reduction can be said to be an essential entity to any modern mass production economy. Thus, variety reduction programs are designed to primarily root out unneeded inventories. It can also locate duplicate items.</p>	
f)	<p>Value Analysis - Value is different from cost. Value of a product is combination of various factors i.e., quality, service and price, while cost is a measure of the effort to manufacture a product. Value is dependent on what the product does. Value analysis aims at the greatest value in return on the money spent. The objectives of value analysis are given below:-</p> <ul style="list-style-type: none">Functional utility or end useOverall benefitsValue in terms, other than of economic considerations such as appearance or decorative, artistic, prestige or sentimental valueValue in terms of time element <p>The results of the value analysis are-</p> <ul style="list-style-type: none">Elimination of an item altogether	

	<ul style="list-style-type: none"> Utilization of a standard component and Locating alternative source and price in relation to the money to be spent and realization of its worth in due course. 							
g)	<p>Write off means adjustments of total loss incurred, when an item is lost or damaged without any residuary value. Similarly, writing down the value arises when the damaged article has residuary value. The question of write-off arises in the following cases.</p> <ul style="list-style-type: none"> - Difference in quantity between Railway Receipt(RR) weight, shipping invoice weight and actual weight. - Shortage in receipt which could not be claimed either from the suppliers or carriers due to various reasons. - Materials lost while in custody, broken while handling, for which responsibility could not be fixed on staff. - Material become useless, while in stock due to natural cause or deterioration, in spite of preventive measures taken. - Shortage due to leakage of drainage. - Shortage due to reported theft, which could not be detected and when responsibility could not be fixed on staff. - When it is not possible to recover the advance payment made for rejected materials. <p>Investigation/enquiry report has to be made for each write-off processed to fix up responsibility, by depot officer, based on which necessary orders are passed. If the value of loss is within his powers, he will sanction the write off or otherwise make out a proposal to the Head Office (COS Office) for obtaining the sanction of the competent authority.</p> <p>Write off loss due to risk purchase, LD & GD. Power to be exercised with utmost care and after all modes of recovery except Arbitration & legal are exhausted. Suitable administrative action to be taken against the firm.</p> <p>COS – Rs.1.5 Lakhs CMM – upto Rs 75,000/- DyCMM- upto Rs.40,000/-</p>							
2	Differentiate between (Any five)	5x5						
	<table border="1"> <thead> <tr> <th>Survey Committee</th><th>Tender Committee</th></tr> </thead> <tbody> <tr> <td>Survey committee consist of 4 members, 3 from consuming department & one from stores depot as convenor & member to be appointed by GM.</td><td>Tender committee is nominated by Railway Board consist of 3 member, one each from indenting department, finance and stores, who act as convenor also</td></tr> <tr> <td>This committee inspect the critically the conditions of stores that have deteriorated in value, broke or damage during transit or storage and lying with stores depot for</td><td>This committee evaluate the tender costing above Rs 45 lakhs. Based on value of tender, level can be at JAG, SAG or CHOD PHOD level</td></tr> </tbody> </table>	Survey Committee	Tender Committee	Survey committee consist of 4 members, 3 from consuming department & one from stores depot as convenor & member to be appointed by GM.	Tender committee is nominated by Railway Board consist of 3 member, one each from indenting department, finance and stores, who act as convenor also	This committee inspect the critically the conditions of stores that have deteriorated in value, broke or damage during transit or storage and lying with stores depot for	This committee evaluate the tender costing above Rs 45 lakhs. Based on value of tender, level can be at JAG, SAG or CHOD PHOD level	
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	a longer time without issue due to obsolescence or other reasons	
	The committee decide what stores to be classified as dead surplus or scrap, at what price & value such stock shall be held in books and how much to be disposed off and how. Recommendations are accepted by the competent authority	The committee decide how much quantity to be procured, at what rate and from whom. Recommendations are accepted by the competent authority
ii)	<p>ABC Analysis and VED Analysis - There are large number of items in each Railway. It is not possible to exercise control on each item, in order to keep the inventory, as low as possible, hence above analysis are used</p> <p>ABC analysis envisages the control based on value of items.</p> <ul style="list-style-type: none"> - 5% of items stocked accounts for 70 % of the total value of issue of all the items stocked are classified as 'A' category item. - 15% of items stocked accounts for 20% of the total value of issue of all items stock are classified as 'B' category items. - Balance 80 of items stocked accounts for 10% of the total value of issue of all items stock are classified as 'B' category items. <p>VED Analysis:- The stock items in the depot are classified, according to the critical nature of the items.</p> <ul style="list-style-type: none"> - Vital items are those items, which are if not supplied can stop the work, for which they are required. Availability of these items has to ensure at all the time. - Essential items are no doubt important, but activity will not stop, if not available at the time of required. Probably the item can be repaired and the equipment may work with lesser efficiency. This will give some time to make a corrective action. Availability of these item to be expedited. - Desirable items are not so important and without these items, the equipment can function. 	
iii)	LIFO Last in first out:- Heavy & bulky items i.e. structural steel items	FIFO First in first out used for short shelf life items i.e. paints, winding tapes, rubber items etc
iv)	Surplus items Stock items which are not issued for last 24 months. They are classified as movable surplus if likely to be used in future or dead surplus, if not likely to be issued in future	Inactive items Stock items which are not issued for last 12 months or rare issue. The items are called inactive items till they are declared as surplus.
v)	Ordinary Stores	Emergency Stores

	<p>Ordinary Stores are generally such items of Stores for which there is a regular turnover caused by a constant demand and whose unit cost justifies incurring inventory carrying cost associated with these items. These are stocked by the Stores Department in its Depot.</p>	<p>Emergency Stores comprise such items which do not ordinarily wear out or require renewal, which have, however, to be kept in stock to meet emergencies, such as that due to breakage or unanticipated deterioration, and which are not readily obtainable. These items do not have regular turnover caused by a constant demand and marked "E".</p>
i)	<p>Liquidated Damage</p> <p>Liquidated damage is charge recoverable from suppliers for belated supplies. It is charged at rate of 2% of the contract value of the consignment per month or part thereof for the delayed time.</p>	<p>Ground rent</p> <p>Ground rent is the charge levied for not lifting the rejected materials from stores depot after specified period of 14/21 days at nominated charge per day per kg.</p>
vii)	<p>Survey Sheets</p> <p>Survey sheet is prepared for disposal of dead surplus item. It is prepared by survey committee consist of 4 officers as nominated by GM.</p>	<p>Stock Verification Sheet</p> <p>Stock Verification Sheets are to be prepared, If there is an excess of stock or deficiency in stock. The stock sheets should, however, on no account be detained longer than two days after the date of verification.</p>

Q.3
(a) What are the advantage/disadvantage of sale of scrap by tender and by auction? 6

Ans Auction Sale:- Advantage are:-

- Speedy disposal of scrap.
- Entry fee is levied to restrict the entry of bonafide purchasers only.
- Direct competition will be there, which helps realisation of maximum sale value, unless there is a ring formation.
- Professional auctioneer is involved, which helps in raising the bids.
- Earnest money is collected from the successful bidder on the spot.

Disadvantage-

- Better price cannot be realised due to cartel/ring formation.
- Delay due to consumption of time in accumulation of sufficient stock to form sizeable lot, advertisement etc.

Tender Sale:- Advantage are:-

- Continuous arising of certain types leads to heavy accumulation i.e turning and borings in workshops, paper off-cutting in printing press etc. Sale through tender can ensure disposal immediately on 'as is where is basis', without waiting for accumulation, required for formation of sizeable lot and without shifting to scrap depot.
- Tender sale is better when auction sales failed to realise the realistic value due to various reasons i.e. ring formation, mafia etc.
- When a market price trend for a particular item is not available, it is better to invite tender & at the same time, put the lot into auction and dispose them on a better price, either through or auction.

	Disadvantage- i) ii)	
(b)	as one does not know at what price other will quote.	
Ans	<p>This is a lengthy process. There will not be any competition How is the sale value of scrap sold credited to the consignor party?</p> <ul style="list-style-type: none"> • The scrap arises as a result of regular repairs, maintenance, replacement and renewals in the workshop, sheds and divisions. Such scrap is termed as Returned store in the stores code. This scrap is returned by the unit generating it, to the scrap depot in the prescribed format DS-8. • One foil of DS-8 retained by executive office as office copy and four foils are sent along with the scrap to scrap depot. Scrap depot returned one copy duly acknowledged to executive, which is pasted with the office copy. One copy is retained by the scrap depot and two foils are sent to Stores Accounts office for pricing and further adjustment. • The value for scrap is revised once in six months, based on actual value realised during previous auctions. The two foils sent to the Stores Accounts office are priced as per the book rate. After posting in the priced ledgers, value of scrap received from executive at book credited to concerned account office of executive, by stores account office, as per the summary of credit notes. • If the scrap is generated from repairs and maintenance, the credit is allocated to the respective revenue abstracts. If the scrap is generated due to renewal or replacement, the credit is passed on to the concerned work viz. DRF. • Collected scrap is segregated, lots are formed and sold through auctions. The actual value so realised is posted against the relevant priced ledger. The difference between the book value and the sale value is transferred to Stock Adjustment account (Part III) in the Account Office. • The balance lying in the stock adjustment account at the end of each quarter is transferred to Revenue abstract and works in the ratio of issues of last year. Thus the department returning stores/scrap realise the credit by means of DATCs issued initially on book value and subsequently as a clearance from stock adjustment account. 	7
c)	Describe the various reasons for out of stock of items in the stores depot in details. What action shall be taken by depot officer to prevent the out of stock ?	12
Ans	<ul style="list-style-type: none"> • Demand is not sent or delayed – to ensure timely submission of demands • HQ Purchase has not placed the purchase order in time – follow up HQ for timely placement of purchase order. • Purchase order placed with longer delivery period – take suitable action to ensure availability of item by taking help from sister depot, local purchase, chasing the firm for early supply • Firm failed to supply the materials – follow up HQ for action against defaulting firm & for emergency purchase. As dept officer you can take help from sister depot or arrange through local purchase • Materials rejected by consignee after receipt of materials – arrange joint inspection, chase firm for replacement, take help from sister depot or arrange through local purchase • Consumption is more than expected Annual Consumption – Send the demand for shortfall, arrange emergency purchase 	

Q.4 (a)	What precautions should be taken to avoid malpractice in local purchases?	8
Ans	<p>a. To ensure that quantity is not deliberately reduced or split to bring the purchase within the scope of the provision i.e. Rs. 1 Lakh. Local purchase of stock items is made only, where the normal annual requirements quantity does not exceed Rs. 1 lakh in value.</p> <p>b. Local purchase to be resorted when stock of the item is precariously low, the item is urgently required and quantity purchased is to be the barest minimum.</p> <p>c. Non stock requisitions for local purchase should be registered with all necessary details, registration no. marked on the requisition.</p> <p>d. The Depot Officer shall maintain list of approved supplier for different category of items based on initial market survey. He shall specify the firms from whom quotations are to be called for but not from sister concerns.</p> <p>e. The official calling quotations from the firm shall ensure that firm is physically available on ground & authentic.</p> <p>f. Quotations to be called from minimum three firms and also to ensure tender are issued to the firms in rotation, if number of firm are more.</p> <p>g. Float tenders giving time of three clear days to enable the firms to drop their quotations in the box maintained for the purpose. The date and time of opening is to be indicated in the Tender.</p> <p>h. In cases, where items are urgently required, the Petty Purchase supervisors should sign on the sealed cover, before depositing in the box/handing over to Depot officer.</p> <p>i. The quotations will be opened on the specified time and date in the presence of stores officer, who will initial each quotation.</p> <p>j. No purchase to be made without satisfying oneself that the rate received is reasonable.</p> <p>k. The Depot Officer scrutinizes these offers and records his acceptance of the lowest acceptable offer.</p> <p>l. The material will be collected or will be delivered by the supplier along with a bill. The materials so received shall be inspected by depot officer or get inspected by user, before accepting the materials.</p> <p>m. In the case of stock items, receipt section will make out a Receipt Note. In the case of non-stock items, material will be issued through challan and acknowledgment of the representative is obtained and filed in the record.</p> <p>n. Payment is made to the supplier through Cheque.</p>	
(b)	How the cash imprest account for making local purchase is to be maintained and recouped?	10
Ans	<p>i) All depot officers having imprest shall maintain current account in name of designation in the nationalized banks.</p> <p>ii) A cash book is maintained by the concerned local purchase supervisor.</p> <p>iii) All purchases are made as per established rules and clear receipted cash vouchers are obtained from the suppliers for every purchase on stamped bill. These are allotted serial numbers and are entered in the cash book with serial numbers.</p> <p>iv) When the cash on hand reaches a stage, which will cover the period that will be taken to recoup cash, recoupment voucher in the prescribed proforma in form No. 712 is prepared in 4 copies and sent to the Accounts officer, duly</p>	

	<p>signed by the Depot Officer, supported with the relevant cash vouchers.</p> <p>v) All the cash vouchers also should be attested by the Depot Officer, besides recording the acceptance on the relevant tender/quotation.</p> <p>vi) A certificate, viz., "Certified that the above purchase, have been made in terms of para 711-B and the stores have been put into stock" is to be recorded by Depot Officer on each recoupment voucher. Care should be taken to see only one group of stores is included in each recoupment voucher.</p> <p>vii) After acceptance of material, one copy should be retained as office copy, one sent to Accounts Officer/ stores along with cash vouchers for recoupment of imprest cash, as specified in para (iii) above, one to Controller of Stores and the last to the Stores Accounts (through ledger, in the case of stock items only) for necessary action/record.</p> <p>viii) Allocation particulars are shown in each voucher.</p> <p>ix) These vouchers are scrutinized by respective Accounts Officers and they are passed for payment, duly sending a Cheque to the Chief Cashier, who arranges payment. Depot Officer collects cash, if he is not having cheque facility.</p> <p>x) In the case of system of operating with cheque and Bank account, the cheque is sent to the Bank direct, for crediting the account of imprest holder. Thus, the cash is recouped by the Depot Officer.</p>	
©	What are extant instructions for purchasing Rate Contract items?	7
	<p>i) Powers for placing supply order against DGS&D Rate/Running contract items are - COS - Full Power, SAG, SG/JAG, SMM - upto their power of acceptance. Depot/Divisional Stores Officer - SG/JAG & SMM/DMM (independent charge) - Rs 5 Lakhs, SMM/DMM & AMM (independent charge) - Rs.2 Lakhs, and AMM - Rs.1.5 Lakhs.</p> <p>ii) Depot officers have to exercise his powers within annual ceiling limit fixed by COS in consultation with FA&CAO.</p> <p>iii) Power of direct purchase of items for which DGS&D has placed rate/running contract, if item is required urgently or can be obtained more conveniently locally or near station - COS- Rs 8 lakhs each case subject to annual ceiling limit of Rs 25 Lakhs in each case.</p> <p>iv) Suitable records are kept to ensure that the ceiling limit for each case for the entire Zonal Railway is not exceeded.</p>	
Q5	What precautions to be taken in storage of any five of the following items in a stores depot	5x5
i)	<p><u>Steel Plates:-</u></p> <ul style="list-style-type: none"> Steel plates are liable to rust, when stacked in open. All steel items should be given a coating of used oil, before onset of the monsoons. Steels items stacked inside the godowns should also be given coating of oil periodically, to avoid rusting. This is more necessary in coastal areas, because of salty and moist atmosphere. When rusting has already taken place, the surface should be cleaned bright with wire brushes and then covered with grease or a suitable paint. To be provided with dunnage under the steel plates so that it does not come in the contact with ground. Proper drainage system to be provided to avoid accumulation of water. 	
ii)	<u>Paint Ready Mixed Red Oxide:</u>	

	<ul style="list-style-type: none"> • To be stored in cool places. • Drums to be rolled periodically to avoid settlement of pigment. • Not be kept in stock for more than 6 months, if possible. • Old stock to be issued first, duly adopting FIFO method. • Normal precautions against fire to be taken for paint godown.
iii)	<p><u>Roller/Ball bearing:-</u></p> <ul style="list-style-type: none"> • To be kept free from rust • To be kept in original packing • To be given a coating of grease
iv)	<p><u>Sulphuric Acid :-</u></p> <ul style="list-style-type: none"> • Supply of sulphuric acid is received in Polythene jars hence care to be taken while handling these jars. • Always stock in well ventilated and cool rooms and closed bins should be avoided as far as possible. • Floors shall be covered with ash or sand • Stocks of acids should be kept away from paper, wood and other general stores. • Goggles and rubber gloves should be used by Staff, while handling acid containers. • As a rule, issues from and receipts into the Depots should only be allowed in full sealed containers, Retail issue of less than a sealed bottle should not be permitted.
v)	<p><u>Petroleum products:-</u></p> <ul style="list-style-type: none"> • The storage of these items is governed by Indian Petroleum rules and the petrol godown has to conform to the requirement of explosive Act. • Adequate precautions have to be taken against fire, by enclosing the area around the godown to prevent entry of unauthorised persons. • In stores depot, having large turn over of petrol, underground petrol storage tanks are provided by the IOC. • This space should be kept clean and properly drained. No water should be allowed to accumulate in such enclosures. • No repairs of any kind, involving welding, hot rivetting or the use of naked light or heat in any form, should be done inside a storage shed or enclosure of petrol tanks. • Smoking or carrying of matches, fuses or any appliance capable of producing ignition of explosion is to be strictly prohibited in the vicinity of godown. • Sufficient number of buckets, containing dry sand or other fire fighting appliance shall be placed at convenient points. Water is not to be used on a petrol or oil fire. • Drum of Lubricants shall be kept in horizontal position with lids in top position
vi)	<p><u>Glass Sheets-</u></p> <ul style="list-style-type: none"> • To be handled carefully • Glass sheets should not be stacked horizontally but should be stacked vertically in wooden crates, properly cushioned with straw rice. • Chimneys and globes should be stacked in suitable crates to avoid damages during carriage.

972)	<u>Electrodes:-</u> <ul style="list-style-type: none"> Flux coating of the Electrodes is delicate and is adversely affected by humidity and also by extreme dryness. This should be normally stored in a room, with room temperature of 30 degrees centigrade. To be kept in original packing. To be stacked away from the wall and off the ground. Rough handling to be avoided. 	
6(a)	What are the various inspection agencies deployed by Railways for inspection of materials purchased for railway's use?	5
Ans	<p>The various inspection agencies deployed by the Railways for inspection of materials purchased for Railway units are:-</p> <p>RDSO for nominated items, mainly safety items or items under development.</p> <p>DOI for DGS&D rate contract items.</p> <p>RA Berlin for imported items.</p> <p>RITES generally for purchase order costing above 1.5 Lakhs.</p> <p>Consignee inspection for purchase order costing below Rs.1.5 lakhs or in emergency</p>	
(b)	Lead Acid Battery duly inspected by RITES has been received and rejected by users after issue of materials. What action will be taken by Depot Officer?	10
Ans	<ul style="list-style-type: none"> The lead Battery is rejected by users after issue of materials within 90 days of actual receipt of materials from the supplier, then materials will be taken back to the depot and rejection advice to be issued. If firm accept the rejection, advise the firm to replace the materials duly inspected. If firm do not accept the rejection, a Joint Inspection is to be carried out. If users reject the materials after 90 days from the actual receipt of materials by the suppliers, then one can ask the firm to replace the material under warranty clause of IRS terms & conditions. 	
©	Steel rounds dia 20mm were rejected in the year 2011 by a depot since the chemical composition of material was not per the specification mentioned in the Purchase Order. 90% advance payment is paid to the firm already. The depot officer was not able to dispose off the consignment since the advance payment could not be recovered. What action will be taken Stores Depot Officer for disposal of these stores?	10
Ans	<ul style="list-style-type: none"> As advance payment has been made, the firm is to be advised to deposit the payment and take back the material. If firm failed to deposit the amount & take back the materials, then a letter to be issued to FA&CAO of all Zonal Railway for recovery of the advance payment along with other incidental charges such as testing charges, ground rent etc. In case depot is not able to recover the advance payment, arbitration shall be sought for recovery of payment. If firm has been closed down and not in existence then write off action has to be taken and material may be disposed off, for recovery of amount paid. 	
Q.7 a	What are the various parameters to evaluate efficiency of inventory management? Describe them.	10
Ans	<p>The inventory management is effected in the following manner:-</p> <ul style="list-style-type: none"> Proper care in forecasting of demands. 	

- Proper care in provisioning
- Identification of surplus stores and their disposal
- Variety reduction
- Care in introduction of new items of stocking
- Disposal of overstocks
- Value analysis
- Make or buy decision
- Disposal of scarp
- Disposal of stock sheets
- Clearance of suspense accounts
- Making out suitable policy and procedure having an impact on inventory control

Various parameters to evaluate efficiency of Inventory management are:-

- Service level-This is the percentage of compliance of demands of user.
For Safety Items:- 100%
For overall items:- 95%
- Turn Over Ratio - This is a measure of average stocks held in stock at a time. This is measured in percentage by the following formula. It shall be minimum by controlling the receipts which shall match the consumption.

$$\text{TOR} = \frac{\text{Average value of stock of all materials held in the stock}}{\text{Total value of Issues made during the year}} \times 100$$

- Surplus & Inactive Items:- To have minimum by controlling the purchase of items which are going to be obsolete in near future due to change in specification of item or change in design of rolling stock.
- Overstock Items should not be more than 5% of total Stores Balances
- Sale of scrap should be maximized to reduce inventory of unwanted materials
- Receipt Note to be released within 7 days to have proper inventory balance & to reduce purchase suspense.
- For efficient procurement activities, time taken to generate demand, for vetting of demand, for issue of tender, for decision of tender, for releasing purchase orders and other activities to be monitored so as to have minimum time for each activity.

b Describe the method to liquidate Inactive items.

- Ans
- Depot to scrutinize the list of items which are having no issues for the past 12 months.
 - To review the AAC and justification for the decline in consumption with the consumers.
 - If the items are not required by them then to take following action:-
 - (i) to cancel outstanding dues, if any,
 - (ii) to offer the materials to sister depots and other Railways, and
 - (iii) to mark the item as NRI in computer ledger.
 - Then items which are not drawn for more than 24 months are put up to Survey Committee for classification & recommendation for their disposal.
 - On the recommendations of the Survey Committee, the items are classified as under:-
 - a. Movable surplus - If they have not been issued in the past 24 month but it is anticipated, that they will be utilised in the next 24 months.
 - b. Dead Surplus - Comprise items of stores, which have not been issued in

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	<p>the past 24 months and are not likely to be utilised on any Railway within the next two years.</p> <ul style="list-style-type: none"> • Dead surplus are retained in stock at 10% of BAR as recommended by Survey committee for next 12 months. • If these items could not be issued in the next 12 months, then, they can be disposed of through Auction/Tender sales, on the recommendation of the Survey Committee, duly sanctioned by the competent authority. 	
c)	What are the limits of Stocks A', 'B', and 'C' category of stores beyond which they will be considered as overstock?	5
Ans	<p>The maximum stock that may be held, at any time, of ordinary stores in stock (other than surplus stores and emergency or special stores) should not ordinarily exceed 50 per cent of the issues of each item during the year. This limit is applied only to 'ordinary stores' and to be maintained well within this limit.</p> <p>Limit of Stock for various category of stores beyond which they will be considered as overstock are:-</p> <p>Category A Items = 6 months Category B Items = 12 months Category C Items = 24 months</p>	