

APPENDIX B

BACKGROUND NOTE ON CENTRAL STORES PURCHASE ORGANISATION

Prior to 1964, the responsibility for the procurement of stores required by various departments of the State government was wholly vested with the Department of Health and Industries operating through its purchase organisation, namely, the Directorate of Industries and Central Purchasing Office. This comprised:

- i. purchase wing, (responsible for the purchase of stores);
- ii. inspecting wing, (responsible for the inspection of stores purchased by the purchase wing, preparation of specifications and drawings, maintenance of samples of stores, technical advice to indentors, assistance to the purchase wing in the scrutiny of indents, and reporting upon the capacity of new suppliers); and
- iii. coordination wing (responsible for compilation of indents, maintenance of samples received from the Indenting Departments and contractors, registration of firms as approved suppliers, and general establishment matters.

The procurement of all classes of stores was arranged by the Central Stores Purchase Organisation (CSPO). The indents (in triplicate) were submitted to the CSPO along with the requisite certificate of financial sanction. In the case of Plan schemes, however, the indenter had to submit a Plan scheme certificate stating that the financing sanction had been asked for. It was necessary that complete technical particulars of the required stores had to be specified fully and correctly in the indents. Further, the indentors had to indicate clearly in their indents the specific delivery date and place where the stores were required. For the sake of convenience, the indenting officers were asked to bulk their annual requirement as far as possible.

It was experienced that in certain cases suppliers did not respond favourably and, subsequently, failed to supply the

goods within the stipulated time. One reason that might be attributed to this was perhaps the fact that the rate contract had become quite obsolete. Moreover, there was no binding on the parties to supply the items at the contract rate. The CSPO used to keep some security deposits from the suppliers for the risk purchases. If the party failed in the supply of items within that time, the CSPO had powers to procure the stores from the open market and the difference in their prices, if any, could be deducted from the security of the supplier with whom the order had been placed earlier.

If the supplier was registered with either CSPO or National Small-Scale Industrial Corporation or the DGS & D, then 3 per cent of the total value of contract was taken as the security, provided the value of the contract exceeded Rs. 25,000. If the value of the contract did not exceed Rs. 25,000 then no security was necessary. For non-registered suppliers, the security for any value of the cash was 5 per cent of the value. In the event of a firm failing to furnish the said security within the period, then that firm got black-listed. If the firm was registered, then its registration was liable to cancellation.

In this way, on account of the formalities observed by the CSPO, procurement of the stores required used to get delayed (before 1964). With a view to expediting these purchases certain procedural amendments were made in June 1964. Firstly, the items for which rate or running contracts had been entered into either by the DGS&D or the CSPO, could be purchased without placing the indents with the CSPO. Such purchases could be operated directly by the Direct Demanding Officers. Secondly, Departmental Purchase Committees were appointed by the State Government and were given freedom to purchase items of special nature. These DPCs were empowered to make purchases upto a ceiling. The ceiling differed from department to department. This practice continues even today. The Departmental Committee consists of a representative from the CSPO, the financial adviser and the head of the concerned department. The first such Committee was formed for the Directorate of Manpower, Employment and Training. By the end of 1977-78, in all, eight Departmental Committees were in operation in the State of Gujarat. The list of the DPCs along with the date of the Government G.R. are given in Table B.I.

TABLE B.I

Departmental Purchase Committees on March 31, 1978

<i>Sl. Name of the Departmental No. Purchase Committee</i>	<i>No. and date of the government G.R. constituting the committee</i>
1. Directorate of Manpower Employment and Training, Ahmedabad	Education and Labour Department No. TRM-3362-D, dated 7.11.1962
2. E.S.I. Scheme, Ahmedabad	Panchayat and Health Department G.R. No. ESI-1066-3288-D, dated 24.12.1966 as reconstituted by Education and Labour Department G.R. No. TBK-7774/56587-B, dated 20.9.1974
3. Forensic Science Laboratory, Ahmedabad	Home Department No.SB-11/FSL/1368/5707, dated 5.10.1968
4. Directorate of Health and Medical Services, Ahmedabad	P & H Department No.HSP-1070-3644 Chh, dated 17.6.1970
5. P.W.D. Purchase Committee for Kadana, Dharoi and Watrak Projects	P.W.D. No. KDN/6171/D-2174-K-3, dated 27.10.1971
6. Directorate of Ports, Ahmedabad	P.W.D. No. WKS-7372-70395-M, dated 27.8.1972
7. Directorate of Technical Education, Ahmedabad	E & L Department No. TEM/1173/14951 GN, dated 2.4.1974
8. Gujarat Engineering Research Institute, Baroda,	P.W.D. No.STN-5975/48971/81/Q, dated 1.9.1975
9. Chief Conservator of Forests, Baroda	A.F. Co-op.Department No.FYP/1975/G, dated 5.5.1976
10. Accelerated Rural Water Supply Scheme and other programmes, Ahmedabad	Health and Family Welfare Department G.B. No. MM-1077-6113-P, dated 17.10.1977