To,

All Regional Heads,
Directorate of Field Publicity,
Government Of India.

Subject: Procedure for condemnation and disposal of stores reg:-

It has been observed that the proposals for condemnation and disposal of equipment/store of Field Units/Regional offices are sent to HQ with incomplete information and without following proper procedure of condemnation and disposal.

Due to this it becomes difficult for the Directorate to process the cases of condemnation of A.V Equipment, vehicles etc. A detailed Procedure for Condemnation and Disposal of stores is enclosed for the convenience of ROs and FPUs. It is requested that all Regional Offices and Field Units should strictly follow the procedure before sending any proposal for condemnation and disposal sanction of items to Directorate for approval.

Regional Heads are requested to send the copy of the same to all Field Units under their jurisdiction for strict compliance.

This issue with the approval of Competent Authority.

(Naveen Joshi)
Deputy Director (Prog)
Tel. No. 011-24369099
PROCEDURE FOR CONDEMNATION AND DISPOSAL OF STORES

1.0.0 Introduction

Condemnation and Disposal of stores is one of the most important functions of materials management in any organization. This has become necessary as the equipment and other items intend to become surplus/obsolete, unserviceable etc. over a period of time due to its long usage. The disposal of this type of stores is needed to be done on periodic basis.

2.0.0 Stages of disposal

The steps in disposal are as under:

a) Identification of types of disposable stores - surplus, obsolete, Unserviceable or scrap.
b) Categorization of item as surplus, obsolete etc.
c) Consideration by the Standing Condemnation /Disposal Committee
d) Inspection and recordation accord by committee.
e) Fixation of reserve price
f) Approval of the Competent Authority
g) Deciding mode of disposal
h) Evaluation of the offers
i) Accounting entries
j) Removal of the disposed off stores by the Purchaser.

3.0.0 The stores for disposal is divided into the following categories:-

I. Surplus Stores – Items that are in working order but are not required for use in a particular Section and stock lying in stores for more than five years shall be deemed as surplus unless there is any good reason to treat them otherwise.

II. Obsolete Stores – Items in working order but cannot be put into use effectively being outdated due to change in technology/design.

III. Unserviceable stores – Items which are not in working order, outlived its normal span of life and are beyond economic repair.

IV. Scrap- Process waste, broken & any other item not covered above but has got resale value.

V. Emptyes – Empty containers, crates, bottles, plastic jars, drums etc.

4.0.0 Categorization

The Head of Unit/Regional office shall compile a list of stores that have become surplus/unserviceable etc. citing reasons in the enclosed format at Annexure I. Similarly, He will review the stock of all items to determine the slow moving and non-moving items, which will also be put up to the Standing Condemnation /Disposal Committee for further action.

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5.0.0 Standing Condemnation/Disposal Committee

The Standing Condemnation/Disposal Committee may be constituted by the Regional Head. The head of the Regional office will act as Chairperson/convener. The Chairman will constitute a committee of 3 officers of appropriate level. Out of three one member should be Technical expert who have the knowledge of the stores related for condemnation similarly in respect of disposal of goods, out of 3 officers one officer should be from Internal finance wing. In the absence of officer from Internal Finance wing, Accounts officer/ Administrative officer of sister media unit may be included as one of the members. Then Regional Head can associate an technical expert from any sister Media unit or any govt. agency. In case of dissent by any member, the proceedings of the Committee will be referred to the Regional Head whose decision shall be final. The Committee shall meet periodically at least twice in a financial year as and when required.

5.1.0. The functions of the Standing Condemnation/Disposal Committee will broadly include the following:

a. It will inspect the materials that are proposed to be declared as Surplus, Obsolete, and unserviceable etc. by the Heads of the Sections and decide whether the stores are surplus or obsolete or unserviceable as the case may be.

b. It will decide the mode of disposal. The detailed procedure is at para 7.0.0.

c. It will fix the reserve price for disposal of items and also arrange to ensure that the lifted items are as per the disposal list.

6.0.0 Inspection

The Standing Condemnation Committee shall examine the stores to be declared as surplus/obsolete, repair of item is uneconomical and unserviceable taking into account the stipulated life period of each item and purchase/book value, overall condition of the items, the reasons for obsolesce etc., requirement of such items in future, negligence or mischief or frauds on the part of any individual for such loss. In case an item becomes unserviceable due to negligence, fraud or mischief on part of a Government servant, responsibility for the same should be fixed. The Performa of recommendations of the condemnation board and history sheet of equipment with proceeding of the condemnation board given in Annexure I & II

6.1.0 Fixation of reserve price

The Standing Condemnation Committee will decide the reserve price for disposal of such stores. The reserve price shall be kept in a sealed cover and will be opened after opening of the bids to compare the bid prices with the reserve price. While fixing the reserve price the Committee shall take the overall condition of the item vis-à-vis the market price of such second hand product.

In case where it is not possible to work out the book value, the original purchase price of the goods in question may be utilised. A report of stores for disposal shall be prepared in Form GFR - 17.(Annexure III)
6.2.0 Approval of the Competent Authority

As per the provision of GFR the authority competent to purchase stores shall be competent to declare the store as obsolete/surplus/unserviceable. Since the powers has been delegated to Regional Heads from time to time and Rs. 25000/- has been delegated w.e.f. 29/08/2014 for purchase of articles. As such equipments /Articles purchased by Regional Heads under their powers delegated to them, the same can be declared as surplus, obsolete and unserviceable by them following usual formalities.

7.0.0 Mode of Disposal (Rule 197 of GFR2005)

(i) Surplus or obsolete or unserviceable goods of assessed residual value above Rupees Two Lakh should be disposed of by:
   a) obtaining bids through advertised tender or
   b) public auction.

(ii) For surplus or obsolete or unserviceable goods with residual value less than Rupees Two Lakh, the bids may be invited from as many bidders as possible so that more responsive bids are obtained in competitive basis. The bidders may be asked to furnish bid security as per sub clause (ii) © of Rule 198 of GFR-2005. The bid document be uploaded on the e-procurement website.

(iii) Certain surplus or obsolete or unserviceable goods such as expired medicines, food grain, ammunition etc., which are hazardous or unfit for human consumption, should be disposed of or destroyed immediately by adopting suitable mode so as to avoid any health hazard and/or environmental pollution and also the possibility of misuse of such goods.

(iv) Surplus or obsolete or unserviceable goods, equipment and documents, which involve security concerns (e.g. currency, negotiable instruments, receipt books, stamps, security press etc.) should be disposed of /destroyed in an appropriate manner to ensure compliance with rules relating to official secrets as well as financial prudence.

7.1.0 Rule 198. Disposal through Advertised Tender.

(i) The broad steps to be adopted for this purpose are as follows:
   a) Preparation of bidding documents.
   b) Invitation of tender for the surplus goods to be sold.
   c) Opening of bids.
   d) Analysis and evaluation of bids received.
   e) Selection of highest responsive bidder.
   f) Collection of sale value from the selected bidder.
   g) Issue of sale release order to the selected bidder.
   h) Release of the sold surplus goods to the selected bidder.
   i) Return of bid security to the unsuccessful bidders.

(ii) The important aspects to be kept in view while disposing the goods through advertised tender are as under:
   (a) The basic principle for sale of such goods through advertised tender is ensuring transparency, competition, fairness and elimination of discretion. Wide publicity should be ensured of the sale plan and the goods to be sold. All the required terms and conditions of sale are to be incorporated in the bidding document comprehensively in plain and simple language. Applicability of taxes, as relevant, should be clearly stated in the document.
   (b) The bidding document should also indicate the location and present condition of the goods to be sold so that the bidders can inspect the goods before bidding.

Cont:-4
(c) The bidders should be asked to furnish bid security along with their bids. The amount of bid security should ordinarily be ten per cent. of the assessed or reserved price of the goods. The exact bid security amount should be indicated in the bidding document.

(d) The bid of the highest acceptable responsive bidder should normally be accepted. However, if the price offered by that bidder is not acceptable, negotiation may be held only with that bidder. In case such negotiation does not provide the desired result, the reasonable or acceptable price may be counter-offered to the next highest responsive bidder(s).

(e) In case the total quantity to be disposed of cannot be taken up by the highest acceptable bidder, the remaining quantity may be offered to the next higher bidder(s) at the price offered by the highest acceptable bidder.

(f) Full payment, i.e. the residual amount after adjusting the bid security should be obtained from the successful bidder before releasing the goods.

(g) In case the selected bidder does not show interest in lifting the goods, the bid security should be forfeited and other actions initiated including re-sale of the goods in question at the risk and cost of the defaulter, after obtaining legal advice.

(iii) Late bids i.e. bids received after the specified date and time of receipt should not to be considered.

7.2.0 Rule 199. Disposal through Auction:

(i) A Ministry or Department may undertake auction of goods to be disposed of either directly or through approved auctioneers.

(ii) The basic principles to be followed here are similar to those applicable for disposal through advertised tender so as to ensure transparency, competition, fairness and elimination of discretion. The auction plan including details of the goods to be auctioned and their location, applicable terms and conditions of the sale etc. should be given wide publicity in the same manner as is done in case of advertised tender.

(iii) While starting the auction process, the condition and location of the goods to be auctioned, applicable terms and conditions of sale etc., (as already indicated earlier while giving vide publicity for the same), should be announced again for the benefit of the assembled bidders.

(iv) During the auction process, acceptance or rejection of a bid should be announced immediately on the stroke of the hammer. If a bid is accepted, earnest money (not less than twenty-five per cent. of the bid value) should immediately be taken on the spot from the successful bidder either in cash or in the form of Deposit-at-Call-Receipt (DACR), drawn in favour of the Ministry or Department selling the goods. The goods should be handed over to the successful bidder only after receiving the balance payment.

(v) The composition of the auction team will be decided by the competent authority. The team should however include an officer of the Internal Finance Wing of the department.

7.3.0 Rule 200. Disposal at scrap value or by other modes: If a Ministry or Department is unable to sell any surplus or obsolete or unserviceable item in spite of its attempts through advertised tender or auction, it may dispose off the same at its scrap value with the approval of the competent authority in consultation with Finance division. In case the Ministry or Department is unable to sell the item even at its scrap value, it may adopt any other mode of disposal including destruction of the item in an eco-friendly manner.

7.4.0 Rule 201. A sale account should be prepared for goods disposed of in Form GFR 18 duly signed by the officer who
8.0.0 Evaluation of the offers.

After the bids were opened, a comparative statement will be prepared by Region/FPU. The highest bid will be compared with the reserve price. If the highest bid price is more than the reserve price, the item may be offered to the highest bidder. In case, the highest bid price is less than the reserve price, the STANDING CONDEMNATION/DISPOSAL COMMITTEE will once again go through the reserve price to take a decision either to recommend disposal at the highest bid price if the difference between the reserve price and highest bid price is less than 20% or to negotiate with the highest bidder to increase his bid price above the reserve price or to re-tender and send their recommendations for the approval of the competent Authority.

9.0.0 Accounting Entries

Immediately after obtaining the approval of the Competent authority to declare the items surplus/obsolete/unserviceable, these items will be removed from the Stock Ledgers with suitable entries and shall be entered in the Disposable Stores Register, which will be maintained in the Stores in the format given as Annexure V. Office Memorandum containing details of item, its value and head of account etc. will be issued by the concerned Officer conveying the approval of the Competent Authority to declare such items surplus/obsolete/unserviceable and also convey the items to be written off in the books of Accounts of the Region/FPU. A copy of each order declaring Stores surplus/ obsolete/ unserviceable should be endorsed to the DDO/PAO of the Regional Office.

10.0.0 Removal of the disposed off stores by the Purchaser

The delivery of the stores will be given to the highest bidder or his authorized representative only after the full payment is deposited in cash or through BC/DD. On production of the receipt, the Stores Officer will physically hand over the item(s) sold to the party and issue the Gate Pass enabling the purchaser to take out the items sold. The details of the items sold to him should be available with the out gate pass in order to facilitate security check etc. Stores Officer shall also record disposal/removal of the stores in the relevant columns of the Disposable Stores Register, which has to be a permanent record with the Stores. A sale account should be prepared for goods disposed of in Form GFR 18(Annexure-VI) duly signed by the officer who supervised the sale or auction.
GOVERNMENT OF INDIA
DIRECTORATE OF FIELD PUBLICITY
(MINISTRY OF INFORMATION & BROADCASTING)

Name of Region/FPU with Address.

Dated:

RECOMMENDATIONS OF THE CONDEMNATION BOARD

The following members of the condemnation Board met today, i.e. on __________ 20___, and examined ____nos. obsolete items including spare part of 16mm projectors, 35mm projectors and audio-visual equipments, viz video projector, VCR, Video cameras and Amplifiers etc, as per annexure I&II enclosed, of the erstwhile Regional office_______/ Field Publicity Unit_______ The said equipments have completed their condemnation norms and beyond economical repairs and spare parts are not available in the market for replacement. It is also not possible to cannibalize the equipment. The spare parts mentioned in the list are also obsolete to the present day use and therefore surplus to the requirement of the Department.

The Board unanimously recommends condemnation and disposal to the best advantage to the government.

Signature
Name of Committee Member
Designation
Name of Organization
(Member-I)

Signature
Name of Committee Member
Designation
Name of Organization
(Member-II)

Signature
Name of Committee Member
Designation
Name of Organization
(Member-III)

Signature
Name of Officer
Designation
Name of Organization
(Chairman/convener)
Annexure- II

HISTORY SHEET OF EQUIPMENT WITH PROCEEDING OF THE CONDEMnation BOARD

The following members of the Condemnation Board assembled at office to examine the under noted equipment and to give their comments under Chairmanship of Shree/Smt.__________(Name), ______(Designation), DFP, ______(Region) on _________(Dated).

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<thead>
<tr>
<th>S.No</th>
<th>Name of the Member</th>
<th>Designation of the Member</th>
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HISTORY SHEET OF __________________________

1/Name of the Regional Office : 
2/Make & Model : 
3/Source of Supply : 
4/Date of Supply : 
5/ Date of Commissioning : 
6/Purchase price : 
7/Present condition : 
8/Details of expenditure : 
9/Total length Service/No. of : 
   hours of service rendered from 
   the date of when equipment 
   is reported defective.

COMMENTS:

After physically checking ____________________________(Equipment) and the relevant history sheet, the Board is of the opinion that the above ____________________________(Equipment) has outlived its normal life and is in such a condition that any further repairs to its are considered uneconomical. The board considered whether this ____________________________(Equipment) can be used by way of canalization and was of the view that this is also not as all possible. The Board therefore, recommends that above ____________________________(Equipment) may be condemned.

Place: 
Date: 

Members of the board (Signature with date & seal of boar members )

1. 
2. 
3. 

(Signature with date & seal of Chairperson)
# Annexure- III

**Directorate of Field Publicity**

**Ministry of I&B**

Name of Regional Office:

Name of Field Publicity Unit:

**FORM GFR 17**

[See GFR Rule 196 (iii)]

Report of surplus, Obsolete and Unserviceable Stores for Disposal

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Particulars of stores</th>
<th>Quantity / Weight</th>
<th>Book Value / Original purchase price</th>
<th>Condition and year of purchase</th>
<th>Mode of disposal (sale, public auction or otherwise)</th>
<th>Remarks</th>
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Signature ..........................................................

Designation .......................................................

Date ...........................................................................
Sample tender document

1. The tenders should be submitted in sealed covers. Open tenders will be rejected.

2. The materials offered for disposal is on “AS IS WHERE IS & WHATIS BASIS” Ex-go down in unpacked condition. Taxes & duties that may be levied by the Govt. will be extra as applicable.

3. The purchaser may inspect the materials on any working day between 10:00 AM to 1:00 PM by prior appointment to satisfy themselves about the quality & condition of the materials offered. No complaint whatsoever will be entertained after the tenders are submitted or before or after the materials are lifted. No request for samples or inspection after submission of the tender will be accepted.

4. Tenders should clearly quote their rates Per Kgs/ Per Lot/ Per unit as asked for both in figures and in words exclusive of any taxes and duties. Any overwriting in rates or any change and/or alteration without attestation is liable to culminate in the outright rejection of the tender. In case there is any error between the amount specified in figures and words, the higher of the two will be taken for consideration.

5. Tenders should be valid for a period of 30 (thirty) days from the date of opening of the tenders.

6. Earnest Money deposit equivalent to 10% of the amount quoted is to accompany the bids in the shape of Bankers Cheque/ Demand Draft/ cash receipt showing deposit of cash. Tenders not accompanied by EMD will be rejected. No interest will accrue on the EMD so deposited.

7. The balance money less the EMD already deposited should be paid within 5 days from the date of issue of award letter by cash or DD/BC. The cash receipt will be presented to the Dy. SPO (stores) for delivery of the goods within 10 days from the date of issue of award letter. In case the store is not lifted within the time specified ground rent as decided by the committee per lot per day will be charged from the purchaser for a further period of 7 days. The materials not so removed will be treated as abandoned lots and the EMD and other sums paid for the lot will be forfeited without any reference to the purchaser. For such abandoned lots, the Directorate reserves the right to re-sell.

8. The materials will be allowed to be lifted between 10.00 AM to 4.00 PM on any working days. No picking, Choosing or sorting will be allowed in the premises for the disposal lots.

9. Mis-description or error in quantity will not invalidate a sale. A proportionate refund will be made to the purchaser when the weight or number delivered is less than that have been specified in the tender.

10. The facility for weighing if available will be provided at the site of the materials. But the labour, transport and other arrangements will have to be made by the purchaser at their risk, cost and responsibility. In case such facility is not available, the purchaser shall have to make its own arrangement and weighing is to be made in the presence of our representative.
11. The person authorized by the purchaser will be allowed to take delivery.

12. The Directorate reserves the right of withdrawing from the sale of any material or lots at any stage without assigning any reasons there for.

13. The address given in the tender shall be deemed to be the Purchaser’s address and correspondence sent on that address shall be considered to have been delivered to the purchaser. No claim will be entertained for the reason of forfeiture of the sum deposited in case the correspondence is returned back undelivered.

14. The tenders duly completed as per the instructions given herein will be delivered upto __________________ at __________.

15. Tenders so received will be opened in the presence of the bidders, if any at 3.30 PM on __________.
Annexure V

Directorate of Field Publicity
Ministry of I&B

Name of Regional Office:

Name of Field Publicity Unit:

**FORM 3**
Stock Disposal Register

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Date of entry</th>
<th>Name of the Fund or Trust</th>
<th>No. of entries in Stock Register</th>
<th>Amounts disposed of</th>
<th>How disposed of</th>
<th>GO’s initials</th>
<th>Official Designation of Officer</th>
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Signature ............................................

Designation ...........................................

Date ....................................................
(Annexure-VI)

**Directorate of Field Publicity**  
**Ministry of I&B**

**Name of Regional Office:**

**Name of Field Publicity Unit:**

**FORM GFR 18**  
[See GFR Rule 201]

**Sale Account**

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Particulars of stores</th>
<th>Quantity / Weight</th>
<th>Name and full address of purchaser</th>
<th>Highest bid accepted</th>
<th>Highest bid rejected</th>
<th>Earnest money realized on the spot</th>
<th>Date on which the complete amount is realized and credited into treasury</th>
<th>Whether the articles were actually handed over on the spot. If not, the actual date of handing over of the articles with quantities</th>
<th>Auctioneer’s Commission and acknowledgment for its payment</th>
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Signature  

Designation  

Date