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on presenting a proper voucher prepared in accordance with the rules so as to show the precise nature of the expenditure, and as a general rule no money may be drawn from the treasury until it is required for immediate disbursement. The permanent advance system is an exception to these general rules. Unforeseen expenditure often has to be incurred urgently, and it would sometimes be very inconvenient to postpone such expenditure whilst fulfilling the formalities ordinarily required for drawing money from the treasury to enable him to make disbursements of this kind before drawing the necessary bills. A Government servant may be granted a permanent advance, the amount of which should be limited to what is absolutely essential to meet his ordinary requirements.

An advance limited to the actual Railway fares (both ways) may be granted from the permanent advance to a non-Gazetted Government servant, who is required to proceed on official tours at short notice. An entry for the amount paid should be made in the charges side of the Permanent Advance Register. Simultaneously a bill for the Travelling Allowance Advance admissible under the provisions of Article 84 should be prepared and presented at the Treasury. On encashment of the advance bill, the full amount of the advance should be shown as receipt in the Undisbursed Pay Register. The portion relating to the amount advanced from the Permanent Advance should be charged in the Undisbursed Pay Register, and taken over to the Permanent Advance Register of the receipt side, as refund of advance. The next amount payable to the Government servant should be entered on the disbursement side of the Undisbursed Pay Register at the time of payment.

95. The permanent advance of a head of a department has to be fixed and sanctioned by the Government. Unless the Government direct otherwise, the head of a department may sanction the permanent

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advance to a Government servant serving under him. The head of the accounts wing in the departments, viz., the Chief Accounts Officer or Senior Accounts Officer or any other officer, as the case may be, should be consulted before the amount of permanent advance is fixed.

96. Application for the initial sanction of permanent advance or for the revision of the amount of the existing permanent advance should be submitted to the authority competent to sanction it. The application for an initial advance should be accompanied by a statement of financial forecast of contingent expenditure, which is to be met from the permanent advance based on the contingent allotment of the office and other factors e.g., conveyance facilities. Special items of contingent expenditure peculiar to the office, proximity to the railway station, availability of co-operative marketing facilities, etc. The Chief Accounts Officer or Senior Accounts Officer or any other officer in-charge of the Accounts wing of the Department will check the appropriateness of the amount of advance applied for. In the order sanctioning an initial advance, the sanctioning authority should instruct the drawing officer to send to him a statement showing datewise details of expenditure met out of the advance for the period of three months from the date of drawal of the advance, giving reference also to the relevant vouchers in which the expenditure stands included. The sanctioning authority will scrutinize the three monthly statements of expenditure and fix the advance finally, having regard to the average monthly expenditure as reported through the statement. The application for the revision of the existing amount of permanent advance should be accompanied by a statement of expenditure incurred out of the permanent advance for a period of twelve months, preceding the month of an application giving also reference to the relevant vouchers in which the expenditure stand included and the

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necessity for the revision should be fully explained. The advance should be based on the average monthly contingent expenditure of the office for the preceding twelve months.

The permanent advance will be recouped not more than two times in a month, irrespective of the amount of each bill so that the amount sanctioned shall not exceed half the amount of monthly expenditure subject to the minimum of Rs.100. Copies of sanction along with the statement of expenditure and also showing, in the case of revision of the amount of permanent advance, the amounts of contingent bills cashed with classified details of expenditure for the preceding twelve months, should be furnished to the Accountant-General.

But the following Heads of Departments/Offices are exempted from the operation of the restriction regarding the recoupment of Permanent Advance under this Article.

1. Office of the Assistant Directors of Agriculture (Oil Seeds) under the control of the Director of Oil Seeds, Madras.
2. Office of the Registrar, High Court, Madras.
3. Office of the Reception Officer, State Guest House, Madras under the control of the Public Department, Madras-9.
4. Office of the Governor's Household, Guindy.
5. The District and Sessions Courts and the Criminal Courts in the State of Tamil Nadu.

The authorities competent to sanction Permanent Advance may revise the Permanent Advance without reference to the Accountant-General but subject to other conditions prescribed.

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97. No permanent advance should be granted unnecessarily and no such advance should be larger than necessary in view of the obvious objections to the retention of money outside the treasury. A permanent advance sanctioned for the use of the head of an office should be so fixed as to meet the needs of every branch of his office; any amounts required by his subordinates should be allotted from his advance and acknowledgments taken from them in a form similar to that in which he furnishes acknowledgment himself to the Accountant-General.

98. On the 15th April every year, and whenever there is a change of incumbent of the post concerned or in the event of the advance sanctioned, every Government servant who holds a permanent advance should forward an acknowledgment to the Accountant-General in the form prescribed by the Accountant-General for the amount of the permanent advance for which he has to render account. This acknowledgment should always be for the full amount for which the Government servant is responsible, including any portions of the advance which he has distributed to his subordinates.

Temporary advances for specific purposes

99. When a temporary advance is considered necessary for the purpose of meeting contingent expenditure of a specified kind or on a specific occasion and it is not covered by standing sanction given by the Government, an application for sanction should be submitted to the Government. Occasionally the Government accord a standing sanction for the grant of such temporary advances on all occasions of a particular kind. For example, a Treasury or a Sub-Treasury Officer is authorised to advance under a standing sanction such amount not exceeding Rs.1,200 in all in one or more instalments or Rs.200 as may be required to

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meet contingent expenditure in connection with the examination to the Chief Superintendent of any examination held under the direction of the Tamil Nadu Public Service Commission.

The Chairman, Tamil Nadu Public Service Commission may sanction a maximum amount of additional advance of Rs.3,000/- over and above the normal limit of advance of Rs.1,200/- considering the strength of candidates appearing for the examination, number of days of examinations, etc. In special cases, where the Chairman of the Commission considers that the Chief Superintendents/Tahsildars could not meet the entire expenditure from the additional advance amount limit of Rs.3,000/- sanctioned to them, the Chairman, Tamil Nadu Public Service Commission may sanction the advance beyond the limit of Rs.3,000/-. For such individual cases, the Government should be addressed for ratification of the action of the Chairman in sanctioning the additional amount beyond the said limit. The advance should be adjusted by detailed bills and vouchers as soon as possible.

The Treasury or the Sub-Treasury Officer is authorised to advance under a standing sanction such amount, as may be required to meet contingent expenditure, in connection with the Examinations to the Inspecting Officers namely, Chief Educational Officer, District Educational Officer, Inspectress of Girls Schools, Inspector of Matriculation Schools and Inspector of Anglo-Indian Schools, for all Examinations held under the direction of the Director of Government Examinations. The advance should be adjusted by detailed bills and vouchers within 10 days of conclusion of the examination.

If the Government have laid down any conditions or restrictions regarding any particular items (see Appendix 6) such conditions or restrictions should be strictly observed.

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If two temporary advances are pending with the drawing officers for more than two months irrespective of the purpose for which they were sanctioned, they cannot draw a third advance for any purpose. However the Treasury Officers/Pay and Accounts Officers may admit the third advance bills when presented by the drawing officers in special circumstances after obtaining an undertaking from the drawing officers to the effect that the advance will be adjusted with the bills and vouchers within a month. If any temporary advance is pending for more than four months the Treasury Officers/Pay and Accounts Officer shall write to the Head of Departments concerned to adjust the advance with the detailed bills and vouchers within a month. The Head of Department shall take suitable action to settle the advances. Advances pending for more than five months should be brought to the notice of the Government.

The drawing officer should maintain a register in T.N.F.C. Form 23-A in which he should enter particulars of the advances drawn by him and the amounts adjusted. He should also attach a statement to the bill for an advance showing the voucher number, the amount and the date of the previous advance and the mode of adjustment, duly certified under his dated signature.

NOTE - The columns (1) to (6) of the Register in Form 23-A should be filled in at the time when the bill for the advance is prepared and presented at treasury or pay and accounts office for payment. A certificate to the effect that "the drawal of advance has been entered in the register for watching adjustment of temporary advance" should be simultaneously made on the bill and attested by the drawing officer. The register should be reviewed by the drawing officer concerned once in a month and suitable remedial action taken in cases of long delay in adjustment. The drawing officer concerned will also set his initials in column (12) "Remarks" in token of such review against the latest entry.

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The following officers of the Adi-Dravidar and Tribal Welfare Department may draw advances upto the maximum noted against each, at a time, for meeting the expenditure on the purchase of rice on cash basis for use in Government Hostels of Adi-Dravidar and Tribal Welfare Department:-

Serial number	Name of the Office	Maximum amount of advance
(1)	(2)	(3)
1	District Welfare Officer, Madras City	10,000
2	District Welfare Officer, Chingleput	3,900
3	District Welfare Officer, South Arcot	6,000
4	District Welfare Officer, North Arcot	3,700
5	District Welfare Officer, Salem	3,500
6	District Welfare Officer, Coimbatore	3,100
7	District Welfare Officer, The Nilgiris	1,600
8	District Welfare Officer, Tiruchirappalli	8,000
9	District Welfare Officer, Thanjavur	3,200
10	District Welfare Officer, Madurai	6,200
11	District Welfare Officer, Ramanathapuram	7,300
12	District Welfare Officer, Tirunelveli	5,100
13	District Welfare Officer, Kanyakumari	800
14	District Backward Classes Welfare Officer, Pudukkottai	3,000
15	District Backward Classes Welfare Officer, Dharmapuri	3,000
16	Special Deputy Collector (KR), Madurai	8,000

The advance should be adjusted by detailed bills and vouchers as soon as possible.

The Director of Adi-Dravidar and Tribal Welfare may draw an advance of Rs.3,000 (Rupees three thousand only) as temporary advance whenever the meeting of Tamil Nadu Tribes Advisory Council is held to defray the expenses towards Travelling Allowance and Daily Allowance of the non-official members of the Council.

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The Director, Tamil Nadu Forensic Science Laboratory, Madras may draw an advance of Rs.3,000/- (Rupees three thousand only) towards the expenditure for purchase of petroleum solvent for Laboratory, purchase of spare parts for instrument for the laboratory, import of high purity chemicals, instruments and gadgets without import licence utilising facility offered under imports by hospitals or medical institutions, for payment of customs duty involved in the above transactions, for direct purchase from the manufacturers, the chief agents, any chemical or apparatus for which advance payment is insisted by them and for direct purchase from the manufacturers, the chief agents any item for which advance payment is insisted by them.

The Section Officers (bills) or the Under Secretary to Government in charge of establishment in respect of Secretariat and head of Department concerned or an officer in his office duly authorised by him are empowered to draw temporary advance for the required amount whenever necessary towards payment of "Notice Salary" to the Government servant who are compulsorily retired from service under the provisions of F.R. 56 (d). The advances shall be adjusted by detailed bills and vouchers in two months.

**Advances for contingent charges
to be incurred on tour**

100. When satisfied that it is really necessary, the head of the office may sanction an advance to himself or his assistant or deputy to cover contingent charges during a journey on tour, provided, that no advance is sanctioned in respect of the contingent charges of an "inspecting officer" as defined in Article 6. The amount advanced should not exceed the sum likely to be required to meet contingent charges, such as those for the hire of conveyances or animals for the

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carriage of records, tents or other Government property, for a month or for the probable duration of the tour whichever is shorter. Except in the Forest Department no part of any such advance may be applied to any expenditure of a gazetted Government servant for which his travelling allowance is intended to provide (see also Article 84). The advances should be charged to the final head of expenditure concerned. It should be adjusted in full at once when the Government servant returns to headquarters on completing the tour, if it has not already been fully adjusted. When a Government servant has drawn an advance of this kind he is not eligible for a second advance of the same kind until the first one has been fully adjusted.

Advances for Law Charges

101. A Government servant who has been duly authorized to incur any expenditure on law charges in connection with law suits to which the Government are a party may draw an advance for the purpose of meeting the expenditure. The advance should be drawn and accounted for as a contingent charge under the final head of expenditure concerned. For special rules and restrictions in regard to law charges see item 35 in Appendix 5.

Classification of contingent charges

102. For purposes of control and audit, contingent charges are grouped as follows:-

- (1) countersigned contingencies; and
- (2) non-countersigned contingencies.

Expenditure incurred by a Government servant on countersigned contingencies is under the direct control of a higher authority, known as the controlling officer or authority, who countersigns

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the bills. Countersigned contingencies require countersignature before payment. The contingent bills, with full details of charges duly entered therein are submitted along with the supporting sub-vouchers to the controlling authority for scrutiny and countersignature. After countersignature, the bills shall be returned to the drawing officer for being presented at the treasury.

No detailed bills are sent to the controlling authority for non-countersigned contingencies; each contingent bill for non-countersigned contingencies presented for payment at the treasury should therefore contain full details of the expenditure, and the sub-voucher for any individual payment exceeding Rs.100 included in the bills should be attached to it. Such bills are sent straight to the Accountant-General for audit without any scrutiny by a controlling authority, and the contingencies in this category are therefore also called audited contingencies.

Contingent charges should be recorded and treated in the accounts as charges of the month in which they are actually disbursed from the treasury.

Contingent Register

103. Every item of contingent expenditure, whether the charge is to be countersigned or not, should be recorded in a register to be maintained in each office. Separate registers may be opened, if convenient for the countersigned and the non-countersigned contingencies, respectively. The unit for these registers should be the major head of account, and the general arrangement should be as in Form 7. The number of columns to be opened in the register, the sub-heads of appropriation and detailed account heads to be included, and the further detailed classification, if any, required

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for purposes of control and audit, cannot be the same for all departments and offices. The controlling authority should pass orders on these points, in consultation with the Accountant-General in the manner best suited to the conditions of each department or officer. The accounts maintained at the treasury and by the Accountant-General contain no further details beyond the figures under detailed account head but the contingent register should show the expenditure classified in detail under the several item falling under a detailed account head for departmental purposes, e.g., the preparation and check of contingent bills, the preparation of estimates and financial control both by the head of the office and by superior authorities (see Article 118). The expenditure on the less important items may be shown as a whole in one column and the charges under each of these items need not then be accounted for or watched separately. Any charge for which a special explanation is required should be described in the column headed "Description" though the amount need be entered only in the relevant separate column. The column headed "Description" should be used for noting the month or period to which any recurring charge (e.g., rent or pay of punkah-pullers) entered in one of the other columns relates.

NOTE - In column (3) of the Contingent Register (Tamil Nadu Financial Code Form 7), serial number of sub-vouchers (other than Permanent Advance) should be given for the whole year. The separate serial numbers, allotted in the Permanent Advance Register in respect of sub-vouchers relating to payments made from Permanent Advance, should be specified in column (3) of the Contingent Register with the distinguishing letters "P.A.".

104. (a) Whenever the cashier make a payment under the head of contingencies, he should enter in the proper columns of the contingent register the date, the name of the payee, the amount and the

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number of sub-vouchers. If any charge requires any examination, he should make the necessary entry in the column headed "Description" and obtain the initials of the Government servant who incurred the charge against the entry.

(b) The head of the office or the gazetted Government servant whom he has authorised to incur contingent expenditure should initial against the date of payment in respect of each item. If, owing to his absence, the entries in the register have been initialled by a non-Gazetted Government servant, the register should be reviewed and the entries re-initialled by the head of the office or the gazetted Government servant concerned as soon as he returns to headquarters.

(c) Every drawing officer should maintain a register in Form 24, for watching the prompt receipt of stamped receipts from the payee and their transmission to the Accountant-General and to the Pay and Accounts Officer, Madras in cases where stamped receipts relating to the mufassal and to the city respectively have not been sent along with the relevant contingent bills. The register should be reviewed by him periodically at least once a month to ensure that a prompt action is taken in respect of all cases.

Exception - The entries against the date of payment in respect of each item in the Contingent Register maintained by the Bills sections, Secretariat, need not be initialled by a gazetted officer.

105. (a) Advances made from the permanent advance, such as advances to peons for railway fares, advances for office expenses in camp, etc., should be entered at once in the proper column of the contingent register, i.e., the column headed "Advances". When each advance is subsequently adjusted, the fact should be noted in the remarks column.

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(b) The amount of bills paid by book-transfer should be entered in the contingent register in red-ink, and the balance available should be reduced accordingly.

(c) A progressive total for each column should be struck monthly, immediately after the monthly total. It should include all payments and bills paid by book-transfer under each head from the beginning of the year up to the end of the last completed month.

Recoupment of Permanent Advance

106. At the end of each calendar month, and also when, in the course of a calendar month, a transfer of charge takes place or it is found necessary to draw money for contingent expenses, e.g., when the balance of the permanent advance in hand has become inconveniently small the cashier should rule a red-ink line across the page of the register or registers referred to in Article 103, add up the several columns and post the several totals for the different classes of contingent charges in the bill or bills. The forms of the bill for countersigned and non-countersigned contingencies respectively and the instructions to be observed in preparing the bills are laid down in the Tamil Nadu Treasury Code (see subsidiary rules 18 and 19 under Treasury Rule 16). The cashier should then lay the bill with the sub-vouchers and registers before the head of the office, or the gazetted Government servant whom the head of the office has authorised to incur contingent expenditure under Article 93 (b) and to sign contingent bills for him. The head of the office or the gazetted Government servant acting for him should carefully scrutinize the entries, initial each entry in the contingent register if this has not already been done, and sign the bill, if it is in order, and also the separate certificates, if any. He should also invariably make suitable

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entries on the original sub-vouchers to show that they have been paid, so that it will be impossible to use them in support of a second claim and he will be held personally responsible if a second payment is made in respect of any item on account of him not carrying out this instruction properly. The cashier will then date and number the bill and present it at the treasury for payment.

107. (a) When the permanent advance is running short and a payment which exceeds the balance of the advance is due to be made, the amount of that payment may be entered in the contingent register with the number that the sub-voucher will bear when the payment has been made, and included in the bill. The payment should be made immediately after the bill is cashed.

(b) In an office in which the charges under several major heads have to be met from a single permanent advance, it is not necessary to prepare bills in respect of those heads under which there has been little expenditure on every occasion when the permanent advance runs short. The expenditure under such heads should be totalled and the bills prepared only at the end of the month in order to bring the following month with the full amount of the permanent advance, or when there is a transfer of charge so that the relieving Government servant may send the Accountant-General his acknowledgment of having received the whole of the permanent advance in cash.

108. Deleted.

Countersigned Contingencies

109. (a) The Superintendents of Police or their Personal Assistants, the Commissioner of Police, Madras City or the Personal Assistant to the Commissioner of Police, Madras City and the Deputy Inspector-General of Police, C.I.D., in

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respect of all the branches of the C.I.D. are authorised to retain the sub-vouchers for payments of rewards to informers when they consider that it would be undesirable to disclose the names of the payees; when a Government servant does this, he should certify on the bill in his own hand-writing that the amount charged on account of this item has been actually and duly paid to the informer or informers concerned.

(b) The Commissioner for Government Examinations should retain the sub-vouchers for payments made for the printing of question papers for the Secondary School-Leaving Certificate Public Examination at private presses and certify on the bill in his own hand-writing that the amount charged on account of this item has been actually and duly paid to the person or persons, entitled to receive it in payment for the printing work done.

Countersigning authority's contingent register

110. As soon as the bill is received in the office of the countersigning authority, the figures should be transcribed from it into a separate register in the same form as the disbursing register (Form 7), together with full description of any item that requires explanation. The countersigning authority should review the bill with the sub-vouchers. If he disallows any item, the fact should be noted in the bill and in the "Remarks" column of the register together with the particulars regarding the sub-voucher concerned and the reasons for disallowance. The amounts shown in the register in the columns affected as a result of the revision should be corrected in red ink. The pass order in the bill should also be revised suitably. The countersigning authority should then enter the date of admission in the register under his initials sign the bill and despatch it to the drawing officer.

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A countersigning authority may authorise responsible Gazetted Government servant serving under him to examine and countersign on his behalf, when he is absent from headquarters.

A countersigned detailed contingent bill forwarded to the Accountant-General or the Pay and Accounts Officer as the case may be should invariably be sent in a sealed cover. The despatching clerk should personally put each bill into the cover and seal it.

111. In the countersigning authority's contingent register, the date of receipt of a bill should be entered in the column headed "Date of bill". The date of its return to the drawing officer should be entered in the Column headed "Date of admission with initials".

**Amounts disallowed by the
countersigning authority**

112. If the countersigning authority finally withdraws the objection to any item, after the encashment of the concerned bill, the amount may be drawn.

113. Deleted.

**Endorsement of contingent bills in favour
of private parties, etc.**

114. (a) When a contingent charge of not less than Rs.75 is payable to a single private party and the amount cannot conveniently be provided from the permanent advance, a separate contingent bill should ordinarily be prepared for the amount and endorsed for payment to party concerned, whether he resides in the district in which the claim arises or not. This procedure is not applicable when the funds required for contingent expenditure are obtained by drawing cheques on the treasury, or

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when a Government servant in mufassal has to pay for a purchase in Madras City, or when a payment has to be made outside the State. When a drawing officer is satisfied that there are special and exceptional reasons which makes it desirable to endorse a contingent bill for an amount below Rs.75 in favour of a private party, or to pay in cash a contingent charge of Rs.75 or more due to a private party, he may record the reasons and act accordingly.

Except where a party desires to collect the payment through a bill endorsed in his favour through a bank, the departmental officer himself should draw the amount in cash from the treasury or obtain a crossed cheque in favour of that party where the system of payment on bills by cheques is in vogue at the treasury or obtain a bank draft in favour of that party and pay the amount to the party either in cash or by cheque or by Bank draft as the case may be. The departmental officer shall also pay the amount due to the party by Postal Money Order also at the request and expense of that party.

NOTE 1 - Fully vouched contingent bills should alone be endorsed to private parties.

NOTE 2 - The Works Manager, Government Press, is authorised to endorse for payment to a private party -

(1) A contingent bill for an amount not less than Rs.25 payable to a single private party, and

(2) A contingent bill for printing work done by a private press, whatever the amount of the bill may be.

NOTE 3 - Payment exceeding Rs.500 due to private parties, Companies, etc., shall not be made in cash in Madras City. Such payments shall be made by way of demand drafts only.

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The Director of Stationery and Printing, in respect of the Stationery Department, is authorised to endorse for payment to a private party a contingent bill for an amount not less than Rs.25.

Contingent bills payable at treasuries on account of rents, rates, taxes, etc., due to local bodies which have a banking account at the treasury may be endorsed without any money limit. A single bill should be prepared at intervals of not more than a month for all the items due to any local body.

The Commissioner of Milk Production and Dairy Development may pay milk bills in cash to licences upto Rs.300 in all cases and upto Rs.500 in exceptional cases.

(b) A contingent bill payable at a mofussil treasury should not ordinarily be endorsed for payment to a private party in March after the 15th. This restriction applies also to contingent bills payable in Madras City if the claims relate to mofussil district.

A local contingent bill payable in Madras City should not be endorsed for payment to a private party in Madras after the 25th.

(c) No endorsement on a contingent bill remains valid for longer than three months, counting from the date of issue. Whenever any contingent bill issued in the last quarter of the year is endorsed for payment to a private party, it should be stated in the endorsement that the payment order will remain valid only up to the end of March.

(d) Whenever a contingent bill is endorsed for payment to a private party, the drawing officer should immediately send an advice "direct" (not through the endorsee) to the treasury at which it

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is to be paid, giving all the particulars of the bill. He should see that the item is entered at once in the contingent register in red ink with a note to the effect that the amount has been drawn and attest the entries by his initials. He should also see that the slip in T.N.T.C. Form 100 accompanying the bill is received back from the treasury duly filled in. See subsidiary rules 2 (u) and 32 (i) under Treasury Rule 16.

(e) A drawing officer may endorse a contingent bill in favour of a Government servant subordinate to him. A private party in whose favour a contingent bill has been endorsed may re-endorse it in favour of a bank or a messenger for collection and a bank in whose favour such a bill has been re-endorsed may re-endorse it in favour of a messenger for collection.

(f) When a bill for supplies made to the Government has been endorsed for payment to a contractor and is re-endorsed by him in favour of a bank, he should sign the receipt on the bill as well as a separate endorsement in favour of the bank - see subsidiary rule 36 (c) under Treasury Rule 16.

(g) A contingent bill must not be used as a negotiable instrument except to the limited extent permissible under this article.

Inter-departmental transfers

115. The conditions under which a department of the Government may make charges for services rendered or articles supplied by it and the procedure to be observed in recording such charges in the accounts are given in Chapter 4 of the Tamil Nadu Account Code, Volume I.

In cases where inter-departmental adjustments between two service departments are in respect of

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services rendered and do not involve manufacturing or production or supply of articles, etc., there should be no monetary or accounting settlement except where some fees are levied under a particular enactment. In the latter case also, settlement should be made either in cash or through Bank draft.

In cases of transactions between two service departments of the same Government when manufacturing or production or supply of articles or repair operations are involved the adjustment might be done away with if the cost of service or supplies is for Rs.250 or less in each case.

In respect of transactions for amounts in excess of Rs.250 the supplying department will present a bill at the Treasury/Pay and Accounts Office for the cost of supplies for services along with the accepted invoice and chalan in quadruplicate indicating the designation of the supplying officer in the invoice. The Treasury/Pay and Accounts office will pass the bill for payment by transfer credit to the head of account indicated in the chalan debiting the amount to the head of account indicated in the bill by the supplied officer.

In respect of commercial undertakings which are not vested with cheque drawing powers the procedure mentioned in the preceding paragraph shall be adopted.

The Public Works and Forest and other departments, if any, vested with cheque drawing powers will settle the claims through cheques.

This procedure in respect of inter-departmental adjustments is also applicable to transactions adjustable within the same department.

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NOTE 1 - The procedure for the adjustment of the cost of supplies made in the following cases is laid down in the rules noted against them:-

(a) Supplies made to the village service establishments - Local Ruling II under Articles 95-99, Tamil Nadu Account Code, Volume II.

(b) Supplies made by the Public Works and Highways and Rural Works Departments - Articles 180-189, Tamil Nadu Account Code, Volume III and the Local Ruling thereunder.

The special rules applicable to Public Works Workshops, Madras, are contained in Local Ruling 2 under Article 182 of the Tamil Nadu Account Code, Volume III.

(c) Supplies made by or to the Forest Department - Article 242, Tamil Nadu Account Code, Volume III and the Local Ruling under it.

NOTE 2 - In the case of telephones supplied by the Government Telephones Department, bills for the telephone and trunk call charges, should be made in cash or cheque, irrespective of the amount in the bill. The following procedure shall be followed for the settlement of the telephone bills.

(i) MADRAS CITY

The original of the telephone bills of Government departments (relating to Government offices and officers) in the city should be presented along with the contingent bill to the P.A.O by the concerned departments and cheques drawn in their favour. The concerned departmental officer should thereupon endorse the cheque in favour of the Reserve Bank of India - Account Madras Telephones and send it to the Accounts Officer, Madras Telephones District along with the remaining two copies of the telephone bill. The

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Accounts Officer, after retaining one copy with him shall return the other copy to the departmental officer along with a separate receipt.

(ii) MOFUSSIL

(i) The payments in respect of Bills for telephones working for Government departments in the Mofussil, excepting those under the jurisdiction of the Tiruchirappalli Engineering Division, may be made by crossed cheques drawn in favour of the "Reserve Bank of India, Accounts Officer, Telephone Revenue, Madras Circle"; and

(ii) The payments in respect of Bills for telephones working for Government departments under the jurisdiction of the Tiruchirappalli Engineering Division be made by crossed cheques drawn in favour of the "Accounts Officer, Telephone Revenue, Tiruchirappalli Engineering Division, Tiruchirappalli".

The expression "telephone bills" used in this Note includes, besides, the trunk call bills and rent bills, bills for electric clocks, call bells, indicator drops, indicator bells, etc., and those for other miscellaneous items.

In respect of work done or supplies made by the Public Works Workshops, Madras, or the Transport and Machinery Divisions, Madras, the Transport and Machinery Sub-Divisions at Pudukkottai or Coimbatore of the Highways and Rural Works Department, the officer countersigning the invoice should indicate the cost deposited in advance into the treasury with date and the difference requiring adjustment with reference to the final cost.

NOTE 3 - Bills in respect of store, etc., purchased through the Indian Stores Department are governed by the Special Rules framed by the Government of India.

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**Contingent charges incurred on behalf of
other Government servants**

116. It is often expedient for a Government servant to make official purchases or incur expenditure on behalf of the Government district, making his arrangements through a Government servant in the latter district. If the amount to be paid on account of contingent expenditure incurred in this way is not less than Rs.50, payment should be made by Government Draft, but otherwise every Government servant who actually incur expenditure in this way should treat it as expenditure of his own office, and not demand payment from the Government servant at whose request he, as an agent, has incurred the expenditure. The charge should, however, be recorded in the accounts as expenditure of the department in which the Government servant who asks for the expenditure is serving. A Government servant should therefore address his application for any service of this kind to the principal Government servant of his Department in the district indented on e.g., a Police Officer should ask the Superintendent of Police, and not the District Magistrate, to purchase blankets for him. If the District Magistrate receives any such indent from a Police Officer, he should pass it on the Superintendent of Police, who should deal with the charge (if it is less than Rs.50) as a final charge of his own office and apply to the proper authority for an extra appropriation if his appropriation will not be sufficient for the financial year. The Government servant who asks for the expenditure to be incurred is always responsible for obtaining proper sanction for the expenditure.

NOTE - This rule does not apply to payments for purchase made in Madras City. A Government servant in the mofussil who has to pay for a purchase in Madras City may send the amount by Bank Draft if it is not less than Rs.25 and by postal money order if it is less than Rs.25.

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**Special instructions regarding bills of
offices in Madras City**

117. (a) The following precautions should be observed by heads of departments and offices in Madras City in regard to contingent bills for miscellaneous payments that are to be paid at mofussil treasuries:-

(1) Every such bills should invariably be despatched in a sealed cover and by registered post, whether it relates to contingent charges, including those incurred by a non-official or to remuneration payable to a Government servant or a non-official. The despatching clerk should personally put each bill into the cover and seal it.

(2) Whenever a bill is made payable to a named person, an advice showing the name of the payee should be sent to the treasury or sub-treasury which is authorised to make the payment, and the bill should after countersignature be forwarded to the payee direct, for presentation at the treasury concerned.

(b) Bills for miscellaneous payments payable in Madras City to persons who are not Government servants should be collected together and forwarded to the Pay and Accounts Officer duly countersigned in a batch, as often as may be necessary, with a covering letter and a detailed statement showing the names and addresses of the payees and any other necessary particulars. These bills will be paid at the Pay and Accounts Office. The head of the office concerned should request each payee to present himself at the Pay and Accounts Office for payment within ten days from the date when the bill was sent to the Pay and Accounts Officer and to produce there in original the intimation received from him (the head of the office) and also that received from the Pay and Accounts Officer stating

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that the bill has been passed. The payee is required to deliver to the Pay and Accounts Office the intimation that he received from the Pay and Accounts Office and a receipt for the amount duly stamped when necessary, before the amount is paid to him.

NOTE 1 - Payments outside the State in respect of the transactions, i.e. repayments of earnest money deposits by contractors and others residing outside the State, refund of examination fees remitted by candidates outside the State, payment of Advocates, Solicitors, etc., outside the State for rendering service to the State Government and other similar payment to private parties on account of supplies made or services rendered residing outside the State, refund of examination fees remitted by candidates by means of bank draft being met from the contingent allotment by the Drawing Officers concerned. The Drawing Officers who are presenting the bills for the amount to be remitted outside the State at the Pay and Accounts Office should make an endorsement thereon as follows:-

"Please issue a cheque for the amount of the bill in favour of the Reserve Bank of India, Madras".

On receipt of the cheques from the Pay and Accounts Officer, the Drawing Officer should present them at the Reserve Bank and obtain drafts for the amount of cheques. The amount of each such bill will be kept under objection in the Pay and Accounts Office till proper stamped receipts obtained from the parties are received from the Drawing Officer. The Manager, Reserve Bank of India, will issue receipts promptly for the cheques drawn in its favour from time to time so that the amounts need not be held under objections in the Pay and Accounts Office too long till a formal receipt for the amount of the cheques is received by them.

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NOTE 2 - The procedure prescribed in Note 1 above may also be followed in case where payments have to be made within the State by means of Bank Drafts instead of by endorsed contingent bills.

(c) An office which issues a contingent bill or a bill for a miscellaneous payment payable to named person should enter on it the name of the office at which the payment is to be made by means of a separate stamp in the form "Payable at the Treasury / Pay and Accounts Office." If the bill is made payable at a treasury or Sub-treasury, the issuing office should also obtain a report of the payment of the bill and verify that it was cashed at the treasury or sub-treasury specified on it. Payment should not be made at an office different from that mentioned in the bill except with the consent of the drawer of the bill.

The bills and advices should invariably be stamped with a special seal kept in the personal custody of the head of office, if any such special seal is available for the purpose in the office, in order to enable the Pay and Accounts Officer or the Treasury or Sub-Treasury Officer concerned to verify the genuineness of a bill presented to him, wherever possible by comparison of the stamp on the advice with that on the bill.

**Control of contingent expenditure
against appropriation**

118. Every Government servant who incurs contingent expenditure should take special care to see that he gets the best possible value for the money spent, that no unnecessary expenditure is incurred and that he does not spend more than the amount placed at his disposal for the financial year. Chapter VII, of the Tamil Nadu Budget Manual contains instructions as to the general procedure for the control of expenditure against

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appropriation. Further special instructions are necessary in regard to contingent expenditure since it is incurred without the sanction of any higher authority except in certain specified cases, and the Government servant concerned has, to a considerable extent, a free hand in incurring expenditure up to the limit of the appropriation. Moreover an appropriation for contingent charges under a particular detailed account head often covers expenditure on a number of district and individually important objects of classes of expenditure, e.g., the detailed head "contingencies - Miscellaneous" may include charge on account of "Purchase and repairs of bicycles", "Stationery - Local purchases", "Gardening", "Hot and Cold weather charges" and "Office expenses". The special instructions for the control of contingent expenditure are as follows:-

(1) The appropriation under each detailed account head should be distributed among the important items comprised in it. If some of the items are not important those items taken as a whole may be treated as single important item for this purpose. The expenditure on each important item under a detailed head of account should be watched and controlled separately against the allotment for it, specially when the charges are of a fluctuating nature. The contingent register prescribed in Article 103 is designed so that this can be done conveniently.

(2) For countersigned contingencies, the monthly detailed bills provide all the information required by the controlling authority for checking the expenditure against the appropriation. If for any month the expenditure exceeds the monthly proportion of the appropriation for the year, the disbursing officer should send a report to the controlling authority along with the detailed bill, furnishing the special reason for incurring the excess expenditure. The controlling authority

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should scrutinize the charges shown in each detailed bill carefully and see that no charge is unnecessary or excessive, that the sanction of the competent authority for any item requiring the sanction of a higher authority is attached, that the sub-vouchers required have been received and are in order, and that the calculations are correct.

(3) For non-countersigned contingencies, the controlling authority should get periodical statements from each disbursing officer (monthly or at least quarterly) of the progressive expenditure compared with the allotment under each item for which there is a specific appropriation or allotment. If the expenditure is progressing too rapidly, he should instruct the disbursing officer to curtail it to the necessary extent. He should also during his local inspections, scrutinize the contingent registers of the offices under his control and satisfy himself generally that the charges are necessary and not excessive, the rates correct, the sanction obtained adequate, etc.

(4) In cases where the expenditure exceeds the allotment for the year the drawing officer should certify in the contingent bills that additional allotments have been applied for and give reference to the letter number and date in which the higher authorities have been addressed for additional allotments.

Service Postage Stamps

119. Service postage stamps should be used only for prepaying postage on communications other than telegrams which are bona fide on the service of the Government and for meeting other charges payable to the post office for which service postage stamps are accepted. They may also be used by a body or bodies included in the list in rule 354 of the Indian Post and Telegraph Guide.

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A Government servant who is associated with any public body not in that list should, included as required by rule 355 of the same Guide, take care that service postage stamps are not used on any communications issued by him on behalf of that body (See also instructions 18 and 34 under Treasury Rule 10, Instructions 8 and 31 (c) under Treasury Rule 16 and item 55 of Appendix 5 to this Code.)

Rates and Taxes

120. The following rules govern the payment of municipal and other local taxes on buildings, etc., occupied by departments of the Government or Government servants under their administrative control:-

1. Taxes on building not occupied as residences - (a) If the building is occupied by a single department, that department should pay the taxes.

(b) If the building is occupied by more than one department, or if the taxes are payable in a lumpsum for a number of buildings in a municipal or other local area, the taxes should be paid by the Revenue Department if it is one of the occupants; and otherwise by the Government department which occupies the major portion of the building as decided, by the Superintending Engineer in any case of doubt.

No part of the taxes so paid should be passed on to any other occupying department unless it is commercial department or a department not belonging to the Government of Tamil Nadu (e.g. a department of the Central Government or of a local body or a municipality). The Executive Engineer should calculate the portion to be borne by a commercial department or a department not belonging to the Government of Tamil Nadu pro-rata in proportion to the accommodation actually occupied. Before a

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department, which occupies only a part of a building pays the taxes on it, if payment cannot be delayed, as soon after payment as possible or, it should obtain an acceptance from every other department which is liable to pay a share of the taxes.

When a portion of a State building is occupied by a commercial department or a department not belonging to the Government of Tamil Nadu the proportionate tax on the portion so occupied should be borne for the whole half-year by the department which occupies it at the beginning of the half-year. If later on, that department vacates the portion within the half-year, and if it is occupied by another department within the same half-year the tax for the portion will be divided between the two departments in proportion to the periods of their occupation and the necessary refund will be given to the first department. If, on the other hand, no other department occupies the vacated portion within the half-year, the first department will not be entitled to any refund except to the extent of any remission of tax that may be obtained on account of the vacancy.

(c) As a general rule, the tax paid by, or passed to, a department occupying the whole or part of the building should be charged to the contingencies of that department. When however, the whole or part of that is paid by the Public Works Department or another department e.g. the Excise Department or the Forest Department, as the department in administrative control of the building (see rules 4 and 5 below) the payment should be charged to the maintenance estimate of the building. When a building is occupied by more than one department and the entire tax is paid by one department under clause (b) above, the payment should be debited to the head "2070. Other administrative services AI Rents, Rates and Taxes".

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(d) No municipal tax is payable on a public building situated in a contonment.

2. *Taxes on buildings occupied as residences -*

(a) The taxes on Government buildings occupied as residences, including those occupied by the Governor and his staff, should be paid by the Public Works Department or other department in administrative control of the building. The portion representing taxes in the nature of property or house-tax should be treated as part of the cost of maintenance of the building and the rest, if any, should be recovered from the occupants.

Building as a residence is required to pay the service taxes recoverable from the occupant. When a municipal or other local tax on a Government building has to be borne partly by a Government servant who occupies part of the building as a residence and partly by the Government, the Government will pay the tax in full in the first instance, and then recover from the Government servant the amount payable by him. The department which maintains a building and pays the property tax will be held responsible for the due recovery of the service taxes payable by any Government servant who occupies the whole or any part of the building as a residence.

The total amount of rent and service taxes recoverable from any Government servant in respect of a Government residential building (whether owned or leased by Government) shall not exceed ten per cent of his emoluments. Government servants entitled to rent free quarters shall be exempted from the payment of service taxes.

3. *Amount of assessment -* (a) If the assessment of any Government property to a local tax appears to be excessive, the Government servant who will have to pay the tax on behalf of the

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Government should make every possible efforts to obtain redress under the ordinary Municipal or local law.

It is open to the Government to have recourse to the special provisions of the Municipal Taxation Act, 1881 (Indian Act XI of 1881), when no amicable settlement can be reached with a municipal council in regard to the assessment of any Government property, especially when the property is, from its nature, such that the ordinary principles of assessment of the tax in question cannot be applied to it e.g. when the assessment should be on the rental value but the property is such that it is difficult to conceive of its being let or impossible to form an estimate of the rent which the Government could obtain by letting it. Any assessment of Government property to a municipal tax which appears to be excessive and in regard to which it proves to be impossible to obtain redress under the ordinary law applicable to the tax should be reported to the Government in order that they may decide whether or not action should be taken under the Municipal Taxation Act, 1881 (Indian Act XI of 1881).

In regard to each assessment a certificate stating either that the assessment accepted or that all legal means have been or are being taken to get it reduced should be sent to the Accountant-General every year by -

(i) in the case of a building in the charge of the Public Works Department or Highways and Rural Works Department the head of the office occupying the building in consultation, when necessary with the Executive Engineer.

(ii) in the case of any other building the departmental officer concerned; and

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(iii) in the case of land occupied by a Government department and not appertaining to a building, the Collector.

(b) The Executive Engineer of the Public Works Department or the Divisional Engineer of the Highways and Rural Works Department who revalues the buildings belonging to the Government during quinquennial revision should communicate to the heads of offices concerned who pay the property tax, the revised valuation amount fixed by him for the quinquennium simultaneously with his sending the revaluation statements to the municipality or the local body concerned, irrespective of the fact whether such revaluation involves reduction or increase in the existing assessments.

4. Vacancy remission - (a) Whenever a Government building (residential or non-residential) is likely to fall vacant, the occupant of the building immediately before the actual vacancy occurs on the head of the office to which the occupant belongs should arrange to give notice of the vacancy, on the date on which it falls vacant, direct to the chief executive authority of the Corporation of Madras or of the municipal council or of the panchayat concerned, as the case may be and send a copy of the notice simultaneously to the Executive Engineer/Divisional Engineer to enable him to claim any permissible remission of taxes. The head of the office mentioned above should take similar action in the first day of every succeeding half-year, if the building is still vacant then. The Executive Engineer should claim remission of municipal tax or house tax in respect of every vacancy which has lasted for thirty or more consecutive days under section 87 of the Madras District Municipalities Act, 1920 (Act V of 1920) or section 105 of the Madras City Municipal Act, 1919 (Act IV of 1919), or for sixty or more consecutive days under rule 7 of the rules relating to House Tax framed under

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sections 64 (1) and 112 (1) of the Madras Village Panchayats Act, 1950 (Act X of 1950), as the case may be. The Government servant who pays any tax in respect of a building for a period during any part of which it has been vacant should satisfy himself that any permissible remission of tax has been claimed for the period during which the building was vacant.

Similarly when a Government building (whole or part) is demolished or destroyed, the department on whose registers the building is borne, should immediately give the requisite notice to the municipality or panchayat concerned and obtain remission of property tax under section 89 (2) of the Madras District Municipalities Act, 1920 (Act V of 1920), or section 107 (2) of the Madras City Municipal Act, 1919 (Act IV of 1919), or rule 8 of the rules relating to House Tax framed under sections 64 (4) and 112 (1) of the Madras Village Panchayats Act, 1950 (Act X of 1950), as the case may be.

(b) When the Public Works Department or the Highways and Rural Works Department takes over vacant building from another department and it continues to be in charge of the building, the Sectional Officer concerned should give the necessary notice of the vacancy of the building direct to the executive authority of the local body concerned immediately when it is taken over, and thereafter on the first day of every half-year, if the building is still vacant then. He should also send a copy of every such notice simultaneously to the Executive Engineer/the Divisional Engineer.

5. *Notice of construction, etc., of a building* - Under section 107 of the Madras City Municipal Act, 1919 (Act IV of 1919), section 89 (1) (a) of the Madras District Municipalities Act, 1920 (Act V of 1920) and rule 8 of the rules

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relating to House Tax framed under section 64 (4) and 112 (1) of the Madras Village Panchayats Act, 1950 (Act X of 1950), an intimation must be given to the Executive authority of the local body concerned of the construction of a new building or the reconstruction of a building, within fifteen days from the date of completion or occupation whichever is earlier. The Executive Engineer/the Divisional Engineer should give the intimation in respect of any building (residential or non-residential) on which the Public Works Department, the Highways and Rural Works Department will have to pay the property tax and in respect of any other building the occupant or the head of the office which will have to pay the property tax on it should give the intimation. In some cases remission of municipal or other local taxes can be obtained for a part of the half-year in which the construction or reconstruction of a building is completed, provided the intimation mentioned above is duly given in time. Any Government servant who fails to give the required intimation when he should do so, and thus causes the Government to lose any remission of taxes will be held personally responsible for the loss.

Cleaning, etc., charges

120-A. Where a number of small offices are located close to one another, one sweeper or waterman may be employed for all the offices put together, but where small offices are scattered and a common full-time sweeper or waterman cannot be employed only part-time arrangements should be made. A full-time sweeper or waterman for a single office should be confined to very big offices, such as the Secretariat, High Court, Director-General of Police, Director of Medical Services, etc.

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Heads of departments concerned may, if they consider it *absolutely* necessary, employ a full-time sweeper or waterman in their own offices.

The pay and allowances of a common sweeper or waterman should be borne by the Revenue Department, if it is one of the departments for whom the sweeper or waterman is employed and otherwise by the Government department, which occupies the major portion of the building, or block of buildings, as the case may be. In any case of doubt, the Superintending Engineer will decide the department that has to be responsible for the payment.

The expenditure on waterman should be scrutinized periodically and a certificate in the following form should be attached to contingent bills where such charges are drawn:-

"Certified that the expenditure on waterman or the supply of water has been scrutinized and is necessary"

Heads of departments and offices should see that the expenditure is incurred only to the extent required and that the arrangement is discontinued wherever possible, e.g., in cases where water supply is newly made available to offices from municipal or other sources.

No expenditure on waterman or water charges should be incurred except with the sanction of the head of department concerned. Heads of departments should before sanctioning the expenditure satisfy themselves that expenditure proposed is absolutely necessary and consider whether it cannot be restricted to the hot months only of the year; whether it cannot be shared in respect of such of the public offices as are situated in the same compound or in the same premises.

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Current consumption charges

121. The following procedure should be adopted in regard to the payment of charges for electric current consumed in buildings occupied by departments of Government of Tamil Nadu:-

(i) MADRAS CITY

(a) *Non-residential buildings* - If the building is occupied by a single office, the Electricity Board will forward the bill of charges direct to the head of the office for making payment in full and a duplicate copy of the bill to the Electrical Engineer for verification. If on verification, the Electrical Engineer detects any error, he should intimate it to the Electricity Board for adjusting the same in the subsequent bill under intimation to the head of the office.

If the building is occupied by more than one office, the Electricity Board will send a copy of the consolidated bill for the total current consumption charges to the Electrical Engineer, Madras for verification. The Electricity Board will forward the original bill to the main occupant, i.e., occupying major portion of the building who is also the agreement holder for making payment. If any error is detected by the Electrical Engineer, Madras, it will be intimated by him to the Electricity Board for adjusting the same in the subsequent bills. The procedure prescribed below should then be followed:-

(1) The Head of Office in the administrative charges of the buildings or any immediate Gazetted Officer authorised by him in this behalf will be the agreement holder for the electricity service connections to the buildings as a whole.

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(2) The agreement holder will make entries for payment made by him in the office contingency register. He will also note the errors, if any, pointed out by the Electrical Engineer, Madras in the contingency register against the relevant payments and watch their adjustments and also make necessary recoveries from or payment to the other occupants of the building.

(3) After settling the bill received from the Electricity Board or private electrical licensees, the agreement holders will raise necessary debits on other offices accommodated in the same building in a specific rates of apportionment.

On receipt of the debits, the heads of other offices will arrange for prompt clearance of debits from their office contingencies.

(4) The ratio of allocation will be fixed initially by the Electrical Engineer or the Executive Engineer, Public Works Department, as the case may be, and intimated to the agreement holder. This ratio will continue to be adopted till any additions or alterations are made in the installations after which revised ratio will be got fixed by the Electrical Engineer or the Executive Engineer, Public Works Department and intimated to the agreement holder.

(5) A separate register for watching the debits raised and credits received in respect of the other offices located in the building should be maintained by the agreement holder.

(6) The total of monthly recoveries effected from the other offices will be taken as "Minus Expenditure" if effected during the same financial year or as "receipt" if effected in subsequent year and entered in the office contingencies register of the agreement holder.

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(7) A charge on account of electric current in a contingent bill should be supported by (a) an extract of the card indicating the electricity consumption under the Spot Billing System duly passed for payment, or (b) an extract allocation statement received from the Electrical Engineer (General).

(ii) MOFUSSIL STATIONS

The charge made by a Municipality or a private agency for electric current consumed in buildings occupied by the various departments of the Government in the Madras City is applicable to all other areas covered by the Tamil Nadu Electricity Board and Private Electrical undertakings.

(b) *Buildings occupied as residences* - If the building is used solely as a residence, the tenant should pay the charges direct to the Electricity Board.

If the building (or group of buildings) is used partly for departmental purposes and partly for residential purposes, the Electrical Engineer (General) (or his Assistant on his behalf) should, after verifying the consolidated bill received from the Electricity Board, determine the share payable by each tenant. The department should pay the charges in full in the first instance on receipt of the bill duly countersigned by the Electrical Engineer (General) (or his Assistant on his behalf) which should be attached to the contingent bill and then arrange for the recovery of the amounts due from the tenants by deduction from their pay bills. The recoveries should be taken in abatement of the charges originally met by the department. The Electrical Engineer (General) should send a statement of the amounts to be recovered from tenants to the Accountant-General. He should also intimate the amount to be recovered from the Government servant direct, if he draws his own pay

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bill and otherwise to the head of the Government servant's office.

But the Executive Engineer will perform the duties assigned to Electrical Engineer (General) in this connection in Madras City except in the case of bills relating to buildings maintenance under the control of the Electrical Engineer (General) and Superintendents of Jails and Borstal Schools and Headmasters of Certified Schools [see Article 154 (b)].

Recoveries of electricity charges made from the inmates of a Government building, like a hostel, on an *ad hoc* basis shall be treated as revenue and not as deduction of expenditure.

NOTE 1 - In the case of Government offices occupying rented buildings, payment for electrical energy consumed by the office portion should be made to the owner with reference to the sub-meter reading after checking that the quantity claimed as relating to the office portion does not exceed the quantity billed for on the main meter for the whole building. For this purpose, the owner should be asked to support his claim with the bills received by him from the Electricity Department of the Government or the local body concerned or from the private licensee, as the case may be and the readings of the sub-meter and the main meter taken at the same time. If there is any suspicion about the correctness of the reading shown by the sub-meter, it should be got tested at the Government laboratory. The cost of testing may be borne by the Government or the owner as may be agreed upon individual cases.

NOTE 2 - The payment of current consumption charges, should be made to the Tamil Nadu State Electricity Board or the Electricity Supply undertaking or licensees, as the case may be, in the following manner:-

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(i) *When the amount of the bill is Rs.50 or less -*

By presenting bills at the Pay and Accounts Office/Treasuries, obtaining cash and paying the Electricity Board or the Electricity Supply undertakings or Licensees, as the case may be in cash.

(ii) *When the amount of the bill is over Rs.50 -*

In Madras, by obtaining cheques from the Pay and Accounts Office, Madras, by presenting contingent bills and endorsing the cheques in favour of the Accounts Officer, Madras electricity system, while in the mofussil by obtaining cash and making payments.

Proper receipts should be obtained for the cheques and cash paid to the Electricity Board or the Electricity Supply undertaking or licensees, as the case may be.

Exception - The above procedure will not apply to the departments who have cheque drawing facilities and that these departments shall pay the current consumption bills by drawal of cheques only.

NOTE 3 - The monetary limits prescribed in Article 102 and 110 of Tamil Nadu Financial Code, Volume I, will not apply to the electricity consumption bills or extracts from allocation statements received from the Electrical Engineer (General) which should be attached to the contingent bills in support of the charge on account of electric current irrespective of the amount.

CHAPTER VII - STORES**Introductory**

[122-124]

122. This chapter contains the general rules applicable to all departments regarding stores required for use in the public service. The departmental rules of some departments, e.g., the Forest and Public Works Departments contain special supplementary rules for those departments in regard to stores.

Authorities competent to purchase stores

123. Expenditure on stores is included under contingent expenditure (except when it is treated otherwise, e.g., stores relating to works expenditure) and, therefore, subject generally to the rules contained in the previous chapter, which govern such expenditure. A Government servant who is competent to incur contingent expenditure may purchase in India, or through the agency of the India Supply Mission, London, or direct from manufacturers abroad, such stores as he requires for use by himself or his subordinates subject to the usual restriction regarding the existence of budget appropriation. Such purchases made in India are also subject to any money limits and other conditions prescribed generally or in regard to specific articles or classes of articles (cf Appendix 5) - See also the rules and instructions in Article 125.

Forecast of requirements and time of purchase

124. A Government servant who has to purchase stores for the public service should estimate his requirements for the year, so far as they can be foreseen, and as far as possible lay in a

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sufficient stock during the cheapest season. When necessary, he should apply for advice as to the best time for making purchases and assistance in obtaining tenders to Government servants of other departments who are in close touch with the market for the articles required and know the usual course of their price. For example, it is usually advantageous to buy the supplies of food grains required for rations just after the harvest, and the Revenue Department is likely to be able to give useful advice and assistance in regard to such purchases. Articles which are likely to depreciate or deteriorate during storage should not, however, be bought long in advance of requirements. It should also be remembered that the purchase of any articles in advance of requirements involves the locking up of Government money and is, therefore, not desirable unless it is reasonably likely to prove advantageous in regard to price.

**Rules and instructions governing
the purchase of stores**

125. All Government servants should strictly observe the following rules and instructions when buying stores for use in the public service (with the exception of Stationery and Printing Stores, in buying which they should strictly observe the rules in Appendix 8). These rules and instructions also apply to the purchase of stores by Government servants on behalf of local bodies and of local funds administered by the Government, unless the local body or fund concerned decides otherwise.

The purchasing officers of all Government Departments/Statutory Boards/Corporations/Local Bodies etc., notwithstanding anything contained in these rules and instructions, shall purchase their requirements of such of those articles which are actually manufactured and bear the seals of the manufacturing units, by the following institutions

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arranged in the order of priority in preference to the articles produced by private manufacturers without calling for tenders and without reference to price. The products should not be merely procured and supplied by the units.

(i) Units of the Tamil Nadu Khadi and Village Industries Board and the Units under the control of the Board.

(ii) Jails, Borstal Schools and Units of the Jail Department.

(iii) Modern Training-cum-Production Workshop at Muttukadu.

(iv) Government owned Corporations and the Corporations controlled by the Government.

(v) Co-operative Institutions with share capital assistance sanctioned by Government.

(vi) Other Co-operative Institutions.

(vii) Products manufactured within the State.

(viii) Products manufactured outside the State.

Tenders need not be called for in case of placing orders for the requirements of stores with the priority categories specified in items (i) to (v) above. In respect of items (vi), (vii) and (viii) tenders should be called for and price preference if any, should be allowed as per existing orders.

Any Department/Statutory Body/Corporation/Local Body, making purchase of varied stores at the same time should circulate an enquiry to the organisations coming under items (i) to (v) above. If any of them is able to meet the requirements in

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the time allowable, meeting the quality specified, the purchase shall be made from that source, following the above priority. Tenders need be called for only for the balance quantity if any, which cannot be procured from the sources (i) to (v) within the time allowable.

All Government institutions like jails, hospitals, hostels, etc., in the State should purchase their requirements of Gingelly, Groundnut, and Coconut oil and oil cake from the Wardha Ghani Demonstrating Centres from the Oil Produces Industrial Co-operative Societies in the State. The Purchasing Officer of all Government Departments / Statutory Boards /Corporations /Local Bodies, etc., shall place their indents for the supply of their requirements of oil and oil cake, with the District Village Industries Officers concerned for use or Government institutions and local bodies enjoying grants from the Government.

RULE 1 - When the conditions regarding quality and price are equal, preference in making purchases should be given in the following order:-

FIRSTLY, to articles which are produced in India in the form of raw materials or are manufactured in India from raw materials produced in India;

SECONDLY, to articles wholly or partially manufactured in India from imported materials;

THIRDLY, to articles of foreign manufacture held in stock in India; and

FOURTHLY, to articles manufactured abroad which need to be specially imported.

The purchasing Officer specially authorised in this behalf may, when satisfied that such a measure is justified allow a limited degree of preference

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in respect of price to articles produced or manufactured in India either wholly or in part. The preference so allowed shall not exceed 5 per cent of the price at which articles of similar quality not so produced or manufactured can be obtained.

INSTRUCTIONS

1. The principle underlying Rule I is that preference should be accorded to Indian products and to imported articles held in stock in India, but the preference so accorded should not be tampered by the consideration of economy. Thus ordinarily, of articles available at the same price that of the best quality should be purchased; and for articles of the same quality, the lowest tender should be accepted.

2. A Government servant to whom the power described in the later portion of Rule I has been delegated should exercise it only as an exceptional measure and when there is adequate justification, for example -

(a) to assist an Indian industry which is expected to fill a vital gap in the economic life of the country and is likely to become firmly established in the near future;

(b) to prevent sudden and extensive dislocation of the labour market; or

(c) to regulate and control foreign competition, especially abnormal foreign competition during periods of temporary trade depression abroad.

3. With a view to applying the principles of preference laid down in Rule I, a Government servant who invites tenders for supplying stores should instruct the tenderers to furnish

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information as to the country of origin in the case of raw materials, and as to both the country of manufacture and the country of origin of the materials used for a manufactured article.

RULE II - Save as provided in Rule VIII, all articles required for use in the public service shall be purchased on the condition that delivery shall be made in India for payment in rupees in India.

1. A purchasing Officer should not send indents for stores, other than stores of the kinds specified in Rule VIII, to the Director-General, India Supply Mission, London, but should obtain the stores by calling for tenders in accordance with these rules.

2. A purchasing Officer who invites tenders for the supply of stores may exercise full discretion regarding the place of delivery to be specified in the invitation to tender. He may stipulate for delivery c.i.f. or f.o.r. at an Indian port or f.o.r. at the place of despatch in India or for free delivery at the receiving station in India. When tenders are invited for supplying plant and equipment and the successful tenderer is to erect the plant at the site, appropriate conditions in regard to delivery at the site should be included in the invitation to tender or in the general specification.

3. The conditions specified as to the place of delivery should as far as possible be such as to give all tenderers equal opportunities of tendering at their lowest rates. For instance tenderers abroad may often be unable to tender on the basis of delivery f.o.r. at an Indian port or free delivery at the receiving station in India and may only be able to tender on the basis of delivery c.i.f. at an Indian port with payment in rupees in India partially against shipping documents and

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partially after delivery has been taken in India. Such tenders satisfy Rule II. Except in special cases, however, full payments should not be made for any stores against shipping documents and payment should be completed only after the receiving officer has taken delivery of the stores and found them to be satisfactory in every respect.

RULE III - Tenders shall be invited in India, and when considered desirable also abroad for the supply of all articles which are purchased under Rules II to IV and VI, unless the Government have specially permitted purchase without calling for tenders or there are sufficient reasons (which shall be recorded) for holding that it is not in the public interest to call for tenders. If the Government so order, tenders shall be invited in connection with all purchases of articles of a particular class and/or by a particular department no tender which is not expressed in terms of rupees or which fails to comply with the condition as to delivery and payment prescribed in Rule II shall be accepted.

NOTE - Purchase of articles or group of articles, costing upto Rs.100/- on each occasion, may be made without inviting tenders/quotations. Tenders/quotations need not also be invited for such purchases costing upto Rs.500/- on each occasion, if in the opinion of the competent authority, it is not possible to follow the procedure prescribed in the above Rule.

INSTRUCTIONS

1. Rule III lays down that, "when considered desirable", tenders should be invited abroad as well as in India. The purchasing Officer should obtain orders from the head of the department or a superior officer who is authorised to send indents for stores to the Director-General, India Supply Mission, London, as to whether invitations to

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tender should be sent to firms outside India, when he is not himself authorised to send such indents and considers that it might be advantageous to invite tenders abroad.

Tenders should be invited abroad as well as in India, whenever it is considered necessary or desirable to do so in order to obtain adequate publicity and to ensure that the purchase is made to the best advantage. These considerations apply mainly to the categories of stores which have usually been obtained in the past by indents on the Director-General, India Supply Mission, London, and when such stores have to be bought, it is essential as a rule to invite firms outside India to tender in order to obtain wide competition from all possible sources of supply.

When tenders are invited from abroad, instructions 2 to 6 below should be observed.

2. A sufficient supply of tender forms with the relevant documents, specifications and drawings should be sent as soon as possible to the Director-General, India Supply Mission, London, who will give such publicity to the invitation to tender as he may consider to be most suitable for the purpose, either by advertisement in the newspapers or otherwise. The Director-General will, as a rule advertise the invitation to tender in the newspapers, if the value of the articles required is estimated at Rs.20,000 or more. He will also instruct intending tenderers outside India to apply to him for the tender forms and will supply copies on payment in sterling of the charges (if any) to be fixed by him in each case. He will at the same time instruct the tenderers to submit their tenders direct to the Purchasing Officer in India and not to the India Supply Mission, London. The Purchasing Officer in India will place the order direct with the successful tenderer.

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3. When it is desired to have the recommendation of the technical advisers of the India Supply Mission, London, i.e., the Consulting Engineers, the Naval Architects, etc., on the tenders before the order is placed, the Purchasing Officer should stipulate in the invitation to tender that a complete duplicate of the tender should be delivered to the Director-General, India Supply Mission, London, on the same date as that fixed for the receipt of the tenders in India. The Director-General will then arrange for the examination of the tenders by the appropriate technical authority and will telegraph its recommendation to the Purchasing Officers in India. For the work connected with this examination of tenders, the Director-General will make a fixed charge on the following scales -

(a) Tenders on which technical advice is furnished by the Consulting Engineer, Rendell, Palmer and Tritton or by the officers of the India Supply Mission, London.	One-fourth of one percent on the f.o.b. value of the recommended tender subject to a maximum limit of 250 pounds in each case.
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(b) Tenders dealt with by other consultants e.g., the Naval Architects, Trinity House etc.,	The actual charge made by the Consultant plus one-tenth of one percent of the f.o.b. value of the recommended tender subject to a maximum limit of 25 pounds in each case.
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4. The Purchasing Officer should make it clear in every tender form that the articles concerned must be delivered in India that payment will be made in India in rupees, and that any

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tender which does not comply with these conditions will not be considered. Tenderers abroad should also be required to specify their agents in India through whom delivery will be arranged and payment received and who, when so required will arrange for the erection of the plant at the site and for the carrying out of such test on completion as may be specified in the contract.

5. No account adjustments should be made between the High Commissioner's Office and a purchasing department in India for the value of tender forms sent to London and for the expenditure on advertisements, postage, etc. in the High Commissioner's Office.

6. It is important that purchasing officers in India should bear in mind when considering the desirability of calling for tenders abroad, the need for allowing sufficient time for the receipt and publication of invitations to tender, the receipt of the tender forms by tenderers, and the preparation and despatch of the tenders to India.

The following is an approximate estimate of the time required:-

Time required for sending the forms from Madras to London

By Ordinary Mail (Second-class mail matter only) About 17 days

By Parcel; Mail -

(a) Overland route (via) Marseilles About 17 days

(b) Sea route (via) Gibraltar About 24 days

By Air Mail (First-class mail matter only) About 6 days

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Time taken in London for advertising and issuing forms of tender say, 10 days.

Time required by tenderers for preparing and despatching tenders say, 14 days.

Time required for forwarding tenders from London to Madras.

The same as that entered above for sending the forms from Madras to London.

If continental or American tenders have to be awaited, about three or four weeks respectively should be added to the above figures, and when tenders are called for in connection with complicated engineering schemes, a longer time should be allowed for the preparation of tenders.

7. Tenders should be obtained -

(1) by advertisement ("open tender");

(2) by direct invitation to a limited number of firms ("limited tender"); or

(3) by obtaining quotations from three or four reputed and accredited firms and accepting the lowest rate according to quality and standard of the product (single tender or private purchase).

NOTE - All advertisements relating to Chit tenders which are of local or Statewide importance shall be published only in "TAMIL ARASU". Only major advertisements which are of Statewide or national importance shall be released to other English and Tamil Newspapers. Public (Information and Publicity) Department shall choose the newspapers and adopt a cyclical system for issue of these advertisements.

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8. Rule III does not preclude the use of limited or single tenders. The "open tender" system, i.e., invitation to tender by public advertisement should, however, be used as a general rule and must be adopted, subject to the exception mentioned in instructions 13 and 20 under this rule, whenever the estimated value of the order to be placed is more than Rs.25,000. When the "open tender" system is used the purchasing officer should arrange for the necessary public advertisement and may at his discretion insert advertisement in the Tamil Nadu Government Gazette, the Indian Trade Journal, published by the Director-General of Commercial Intelligence and Statistics, Calcutta, and one or more of the principal newspapers published in India.

Circular communications should also be sent, when necessary to repute dealers and contractors who are likely to tender. The advertisement should invite tenders in sealed covers and state the place where, and the date and time by which, the tenders should be submitted, and the time at which they will be opened. If the invitation to tender relates to a large contract, at least one month's time from the date of advertisement should be allowed for the submission of tenders. The tenders should be opened by a responsible officer and not by a subordinate.

NOTE. - The Divisional Forest Officer may purchase manure required for Re-generation purposes, by calling for quotations, as a special case instead of inviting open tenders.

9. The "limited tender" system should ordinarily be adopted whenever the estimated value of the order to be given is more than Rs.10,000 and up to Rs.25,000.

10. For the purposes of the limited and single tender procedure, each department which

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makes regular purchases should maintain an up-to-date list of approved suppliers both Indian and foreign, after taking into consideration the financial standing of the firm, their capacity past performance, etc. The list should be examined and reviewed periodically and any application from a firm for inclusion in the list should be considered on receipt. Before adding the names of a firm to the list, the department concerned should make such enquiries as it thinks necessary in order to ascertain whether the firm will be able to execute contracts satisfactorily. The names of the firms to be invited to tender should be selected from this list whenever the necessity arises. The Director-General of Supplies and Disposals, Government of India maintains a list of this kind, and he will on request, furnish such information as he possesses regarding the capacity and standing of any firm approved by it. The general instructions issued by the Government from time to time should also be borne in mind by all authorities.

11. The "single tender" system may be adopted in the case of a small order, or when the articles required are of a proprietary character and competition is not considered necessary. For this purpose, a small order means an order the value of which does not exceed Rs.10,000 or, if more than one kind of article is ordered at one time, an order the total value of which does not exceed Rs.10,000.

12. A purchasing officer may, however, when he considers it advantageous, purchase articles from any firm with which the Director-General of Supplies and Disposals, Government of India has already entered into a rate or running contract for the supply of such articles, without calling for tenders, or may himself enter into rate and running contracts after calling for tenders.

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12-A. The Director of Tamil Nadu State Transport Department, and Tamil Nadu State Transport Department (Motor Vehicles Maintenance Organisation) may make purchases of stores required for the Departments including the Motor Vehicles Maintenance Organisation to the extent possible on the rate contracts entered into by the Association of Road Transport Undertakings without calling for tenders.

12-B. The procedure envisaged in this rule shall not apply in the case of purchase of vehicles by Government Departments whenever such vehicles are not covered by the subsisting rate contract. The Transport Commissioner is permitted to purchase motor vehicles required for Government departments, local bodies, etc., even if the particular types are not covered by subsisting rate contract.

13. The "limited tender" system may be adopted instead of the ~~"open tender"~~ system even when the estimated value of the order to be given is not less than Rs.25,000 in the following cases:-

(a) When there are sufficient reasons for holding that it is not in the public interest to call for tenders by advertisement. In every such case the purchasing officer must record the reasons and communicate them to the Accountant-General, confidentially if necessary.

(b) When the indenting officer certifies that the demand is so urgent that any additional expenditure involved in the elimination of open competition must be incurred in order to avoid delay. In every such case the indenting officer must place on record the nature of the urgency and the reasons why the demand could not be anticipated.

(c) When scientific apparatus, chemicals, etc., are purchased for use in the Government Medical Colleges and Government Arts Colleges.

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NOTE - The Director of Agriculture is permitted to adopt limited tender system for the purchase of chemicals and apparatus for the Research Stations and Laboratories of Agricultural Department or from the approved firms under rate contract if introduced.

(d) When surgical instruments and equipments, etc., are purchased for the Government Hospital, Sanatoria and Institutes.

14. When tenders are insisted by public advertisement, the issue of the tender forms need not be restricted to firms whose names are on the list of approved contractors. Firms not on the list should, on enquiry, be informed that they are at liberty, on payment of the prescribed fee, to tender for the advertised requirements. When a tender which appears to be satisfactory is received from an unknown firm, steps should be taken, before any order is placed, to ascertain whether the firm is capable of executing the work in a proper manner. If the enquiries prove satisfactory, the order, or a portion of it, may be placed with the firm. If the order or portion thereof is satisfactorily executed, the names of the firm should be added to the list of approved contractors.

NOTE - The financial patronage at the disposal of the Government, viz., grant of contracts, orders for supplies and services, grant of permits, licences, quotas and priorities, etc., should not be given unless the individuals concerned produce the income-tax verification certificates in the prescribed form from the Income-tax Officer of the circles, ward or district where they are assessed or assessable to income-tax.

15. When, owing to inadequate publicity or some other reason, no satisfactory tender is received in response to an invitation to tender,

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fresh tenders should be invited and the invitation to tender should be specially brought to the notice of all possible tenderers.

16. As a general rule, stores should not be paid for until the receiving officer has taken delivery and checked the quantity and quality of the stores supplied and found them satisfactory in every respect and according to specification. Provisions for payment should be made accordingly in all contracts as a rule. In very exceptional cases when the application of this rule might cause hardship, as, for example when costly stores are ordered from a distant firm and delay in payment is anticipated, a part of the cost of the consignment may be paid in advance on receipt of the railways receipt given for the articles on despatch, provided that the contractor or firm is of well-known standing and that an agreement is taken from the contractor or firm beforehand so as to secure the Government against all risk of loss in the event of the articles supplied being found to be short or defective. As regards partial payment against shipping documents in respect of stores obtained from abroad, see instruction 3 under Rule II.

Before the accounts are closed, a certificate from the income-tax authorities that all income-tax payable up to the end of the previous accounts year has been duly paid should be produced by the firm or contractor.

NOTE 1 - All the indenting Government Departments, Public Undertakings including Statutory Boards, Local Boards, Municipalities and Panchayat Unions should make 90 per cent (ninety per cent) of the anticipated bill amount as advance payments to the Khadi Krafts and the units of the Tamil Nadu Khadi and Village Industries Board whenever orders are placed for the supply of Khadi and/or Village Industries articles on them or their

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services are requisitioned. The balance of 10 per cent should be paid immediately after the goods are received or the services are rendered.

NOTE 2 - The Director of Industries and Commerce is empowered to make advance payment for the purchase of scarce raw materials for the units of his department, when it is insisted upon by the suppliers.

17-A. A tenderer should be required to furnish a cash deposit as earnest money. The amount should be nominal, but it should be fixed with reference to the value of the order to be given and the status of the persons who are likely to tender. The head of a department may, by general or special orders, dispense with cash deposits as earnest money in the case of firms of established repute.

NOTE (1) - The Principal, College of Integrated Medicine, may grant exemption from payment of earnest money deposit in the case of firms and contractors of established repute.

NOTE (2) - All the State owned Corporations and Statutory Boards are exempt from the payments of Earnest Money Deposit, Security Deposits, and Tender Fees in respect of tenders called for by the State Government Departments, Quasi Government institutions including local bodies and other State owned Corporations/Boards. All the State owned Corporations and Statutory Boards except the Tamil Nadu Khadi and Village Industries Board shall however execute proper agreements incorporating among other things the following clauses:-

(i) Though the Public Sector Undertaking is exempt from payment of Earnest Money Deposit, Security Deposit and Tender Fees the undertaking should pay as penalty an amount equivalent to the amount fixed as security deposit in the event of

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non-fulfilment or non-observance of any of the conditions stipulated in the contract.

(ii) In the event of any dispute arising out of the contract between a Government Department and a Public enterprise or between two Public enterprises, the dispute should be sorted out at a meeting of the concerned Secretaries to Government. If they do not agree, the matter should be referred to the Second Secretary or the Chief Secretary for a final decision.

NOTE (3) - The four Police Women's Co-operative Societies viz.,

(1) North Vellore Women's Cottage Industrial Co-operative Society

(2) Police Women's Cottage Industrial Society, Malabar Special Police, Tiruchirappalli

(3) Special Armed Police Women's Cottage Industrial Co-operative Society, Avadi and

(4) Police Women's Co-operative Cottage Industrial Society Limited, Cuddalore N.T.

are exempt from payment of security deposits in respect of tenders called for by the Departments of the Government.

18. Tenders should always be invited by a purchasing officer of one of the following departments before making any purchase of whatever amount, of any of the articles mentioned against his department in the list -

- Survey
- (1) Survey instruments required for the Survey and Revenue Departments.
 - (2) Chemicals required for the Central Survey Office.

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NOTE - The rules in the Survey Manual should be observed when buying boundary pillars.

Excise	All articles.
Registration	Binding work.
Stamps	Supply of dealwood cases required for stocking and packing stamps.
Police	All articles.
Public Health	All articles.
Agriculture	Cattle food.
Animal Husbandry	Cattle food purchased in Madras City.
Cinchona	All articles.
Fisheries	All articles except Kerosene, oil, marine and ship stores and fresh fish.
Labour	All articles.
Government Press	All articles except those required for repairs of machinery up to a limit of Rs.50 for a single item of repairs or renewals.
State Broadcasting	Spare component and other radio materials for the maintenance of radio sets such as valves, condensers, resistances, transformers (including XF and RF), loudspeakers (PM and energized), vibrator units, etc.

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NOTES - (1) In case where purchase of the materials for the State Broadcasting Department is made without obtaining competitive quotations or where purchase is not made from the lowest quotation, the reason should be recorded by the Radio Engineer in the register maintained for the purpose to be made available to audit. The cost of purchases made without calling for competitive quotations should not exceed Rs.500 per annum without the permission of the Chief Engineer.

(2) The Assistant Director of Survey, Central Survey Office, Madras, shall purchase the maximum available items of bazaar articles required for the Central Survey Office, Madras, from the Government departments. The remaining items shall be purchased from the local bazaar after calling for quotations and accepting the lowest rate quoted for the articles of the required quantity. The Assistant Director of Survey, Central Survey, Office, Madras, can purchase the maximum available items of chemicals from the Medical Stores Depot and the remaining chemicals from the market after calling for competitive quotations and accepting the lowest rate quoted.

19. It is not necessary to invite tenders, before buying sera, instruments and chemicals for the King Institute, Guindy. Tenders need not also be invited for purchase of Livestock. Tenders should be invited for the purchase of cattle food in respect of Animal Husbandry Institutions in the mofussil, if the value of the article exceeds Rs.5,000 a year.

The Director of Agriculture should invite tenders for the purchase of cattle food in respect of the Agricultural Department institutions in the mofussil where cattle units are maintained, if the value of the articles exceeds Rs.5,000 a year for each institution.

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20. The Director of Industries and Commerce may purchase non-ferrous metals like zinc, brass, aluminium and copper required for Galvanizing, Plant, Mettur, Workshop-cum-Servicing Centre for Lock Industry, Dindigul, Service Centre for the Glass-ware Industry at Kumbakonam, Service Centre for the manufacture of electrical goods, Guindy, and the Pressure Dye-Casting Unit, Guindy, under the limited tender system up to the value not exceeding Rs.50,000 at a time without insisting on agreements being executed by the suppliers.

20-A. The Director of Fisheries may purchase non-ferrous materials up to the value of Rs.50,000 (Rupees fifty thousand only) at a time by adopting limited tender system without insisting on agreement being executed by the suppliers.

21. All tenders for supply of store, etc., should be expressed to be addressed to Governor of Tamil Nadu, and submitted to the officers concerned and the acceptance thereof should also be expressed to be made by the officer concerned acting for and on behalf of and by the order and direction of the Governor of Tamil Nadu.

RULE IV - All articles, whether manufactured in India or abroad, shall be subject to inspection before acceptance, and articles for which specifications and/or tests have been prescribed by a competent authority shall be required to confirm to such specifications and/or to satisfy the prescribed test or tests, which may be carried out during manufacture or before or after despatch from the suppliers' promises.

RULE V-A contractor may supply article required for the construction of an important work for which he has been given the contract, provided that, when specifications and/or tests have been prescribed for such articles, they shall conform to such specifications and/or shall satisfy such tests.

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INSTRUCTIONS

1. The object of Rules IV and V is to emphasize the importance of ensuring that articles purchased for use in the public service conform to the specifications which may be prescribed by a competent authority and the necessity for careful inspection of all stores before acceptance. The appropriate specifications should be annexed to or quoted in the invitations to tender and it should be stipulated in the conditions of the contract that the articles supplied will be subject to inspection and/or to the test prescribed in the specifications before acceptance.

2. When inviting tenders for an important construction work, the Government servant concerned should stipulate in the invitation to tender that the articles required for the construction of the work must comply with the specifications prescribed for such articles. The articles should be inspected and/or tested in accordance with the provisions of the specifications before acceptance.

3. All purchasing officers should pay special attention to these points and ensure that adequate arrangements are made for inspection in each case.

It is essential in the case of perishable stores that a separate warranty clause is also invariably provided on the lines indicated in 'a specimen form of warranty clause as detailed below. To ensure prompt effective use of this clause, it is essential not only to ensure prompt inspection of the consignments of stores immediately on their receipt from the suppliers but also for subsequent test checks at suitable intervals within the period covered by the warranty clause.

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Model form of warranty clause

The contractor/seller hereby declares that the goods/stores/articles sold to the buyer under this contract shall be of the best quality (and workmanship) and shall be strictly in accordance with the specifications and particulars contained/mentioned in the clause hereof and the contractor/seller hereby guarantees that the said goods/stores/ articles would continue to conform to the description and quality aforesaid for a period of days/months from the date of delivery of the said goods/stores/articles to the purchaser and that notwithstanding the fact that the purchaser (Inspector) may have inspected and/or approved the said goods/stores/articles. If during aforesaid period of days/months the said goods/stores/articles be discovered not to conform to the description and quality aforesaid or have deteriorated (and the decision of the purchaser in that behalf will be final and conclusive) the purchaser will be entitled to reject the said goods/stores/articles or such portion thereof as may be discovered not to conform to the said description and quality. On such rejection the goods/articles/stores will be at the seller's risk and all the provisions therein contained relating to the rejection of good etc., shall apply. The contractor/seller shall if so called upon to do, replace the goods, etc., or such portion thereof as is rejected by the purchaser free of cost at the ultimate destination (or otherwise the contractor/seller shall pay to the purchaser such damages as may arise by reason of the breach of the condition herein contained). The purchaser shall recover the cost of goods/stores/articles found useless either by adjustment in the earnest money deposit or otherwise in cash during the period of the warranty clause, in case the supplier does not replace the articles/goods/stores in time for the use of the purchaser. Nothing herein contained

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shall prejudice any other right of the purchaser in that behalf under this contract or otherwise.

4. When articles are obtained from abroad which require inspection and/or test during manufacture and before shipment, the purchasing officer should arrange for such inspection and/or tests to be carried out by the India Supply Mission, London. The purchasing officer should arrange for any further inspection and/or test considered to be necessary or desirable after the receipt of the article in India, and may utilize the services of the India Supply Mission for such inspection and test in India, if he thinks it desirable. He should address the Chief Controller, India Supply Mission, New Delhi, if the services of that department are required.

5. As soon as a contract for articles which require inspection and/or test during manufacture or before shipment from abroad has been awarded, four complete copies of the accepted tender, with specifications, drawings, conditions of the contract, and all other relevant documents, should be sent to the Director-General, India Supply Mission, London, with complete instructions for inspection and the full address of the manufacturers. The purchasing officer should inform the contractor that the inspection and/or tests during manufacture or before shipment will be carried out by the Director-General, India Supply Mission, London, and should ask him to instruct his representatives in the country of manufacture to communicate direct with that officer.

6. With regard to articles obtained or manufactured in India purchasing officer may, if he thinks it desirable, utilize the services of the India Supply Mission for any inspection and/or test that may be required during manufacture and before despatch.

7. When an order is placed for plant or machinery, whether purchased in India or abroad, which is to be erected and tested at the site of

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the work, the purchasing officer may, if he thinks it desirable, utilize the services of the India Supply Mission for the necessary tests at the site.

RULE VI - Important plant, machinery, and iron and steel work shall be obtained only from firms approved by the Chief Controller of Stores, India Supply Mission, New Delhi and specified in the lists issued by him from time to time.

INSTRUCTIONS

1. The intention of Rule VI is to ensure that plant, machinery and other engineering equipment e.g., bridge girders and roof trusses which form important components of a project shall be obtained only from firms possessing workshops and appliances capable of turning out work of the desired standard.
2. The lists referred to in Rule VI will be maintained and issued from time to time to all purchasing departments by the Chief Controller of Stores, India Supply Mission, New Delhi. They will include the names of firms in India and abroad which have been approved for the supply of important plant, machinery and iron and steel work.
3. A firm which desires to be included in the lists mentioned in this rule should apply direct to the Chief Controller of Stores, India Supply Mission, and furnish a full statement of its reasons for thinking that its inclusion would be justified.
4. If a tender is received from a firm not included in the list of approved firms and is *prima facie* satisfactory, it should not be summarily rejected. A reference should be made to the Chief Controller of Stores, India Supply Mission, who will, if he considers it necessary, make enquiries as to the capability and standing of the firm and intimate the result to the purchasing officer.

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RULE VII - Nothing in these rules shall be deemed to prohibit the purchase of articles by one department from another.

INSTRUCTIONS

1. A purchasing officer should buy the stores which he requires only from the following institutions arranged in the order of priority in preference to articles manufactured by private manufacturers. However, the Department of Industries and Commerce may purchase its own requirements of furniture from the units and institutions under its control without reference to jails, borstal schools and approved schools.

(i) Jails, Borstal schools and Approved schools.

(ii) Government Departmental units of Industries Department and the units of the Tamil Nadu Small Industries Corporation, the Forest Department or the Public Works Workshops.

(iii) Industrial Co-operatives under the control of the Director of Industries and Commerce, Departmental Units and Industrial Co-operatives under the control of the State Khadi and Village Industries Board, Madras, and the units run by panchayat unions.

(iv) The Tamil Nadu Discharged Prisoners' Aid Society.

As regards item (iii) above, the purchasing officers may choose the institutions having regard to nearness, price quoted and the quality of the articles. The purchasing officer should resort to purchase from private undertakings, only if Government departmental units or industrial co-operatives are unable to supply their requirements of articles.

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The purchasing officers of all Government departments, Government sponsored institutions, municipalities, etc., should purchase their requirements of:-

(i) Lac products, only from Lac Factory at Cumbum run by the Tamil Nadu Forest Department in preference to purchasing these products from the open market even if the latter was less expensive; and

(ii) those articles which are manufactured by the units of the Industries Department alone irrespective of price for use for Government institutions and private educational institutions and local bodies enjoying grants from the Government by placing an open order with the Director of Industries and Commerce, Madras, without calling for tenders or competitive quotations in such cases.

Note- The heads of Government Medical Institutions are permitted to purchase the requirements of diet articles such as milk, eggs, etc., direct from the Government Departments wherever available irrespective of the cost factor instead of purchasing them from open market provided the price does not exceed the rate charged for the general public. The Government Dairy Farms, poultry Units should give preference in the matter of sale of items produced by them to the Government Medical Institutions wherever possible.

2. (a) Every purchasing officer should invariably buy all standardised articles of furniture, which he requires from jails, Borstal schools or the Approved schools.

(i) The Inspector General of Prisons shall in consultation with the Chief Inspector of Approved Schools and Vigilance Service draw up a zonal

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scheme and earmark the institution with which heads of offices in a zone should place orders.

(ii) The institution which receives the indents shall supply the furniture within a period of three months from the date of receipt of the indent. The head of the institution should immediately on receipt of the indent, examine whether it would be possible for him to supply the furniture. If it would not be possible for him to supply the furniture within a period of three months, the Inspector-General of Prisons should be informed of the fact in the first instance. The responsibility of apprising the Inspector-General of prisons shall vest with the unit which received the order, whether it is the Jail, Borstal School or Approved school. The unit concerned which received the indent should not reply to the indenting authority expressing its inability to supply the items, without getting clearance from the Inspector-General of Prisons.

(iii) The Inspector-General of Prisons, Madras, should make internal arrangements for transfer of the order to some other unit by making a periodical review of the stock position in the Jails and Approved schools.

(iv) A reply as to the acceptance of the order should be given within a month from the date of receipt of the order in the first instance.

(v) If, on a review of the stock position, the Inspector-General of Prisons finds that it will not be possible to supply the furniture, a reply should be given so that the indenting department may purchase the item from the Industries Department or the units of Tamil Nadu State Small Industries Corporation.

(b) As regards articles of furniture which have not been standardised the purchasing officer should

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first ask the Superintendent of the nearest jail at what prices he can supply the articles and whether he can supply them within the time fixed. When he can supply them in time and the jail price together with freight charges does not exceed by 5 per cent the market price at the place where the article is required, the order should be placed with the jail Department. Otherwise, the purchasing officer will be free to buy the articles outside the jail Department.

NOTE:- In regard to the requirements of furniture by the panchayat unions the Commissioners of the unions concerned may purchase their requirements from the following institutions arranged in the order of preference:-

(i) Industrial units run by the panchayat unions under Rural Arts, Crafts and Industries Programme including those established under the three pilot Rural Industries Project Schemes at Omalur (Salem district), Nanguneri (Tirunelveli kattabomman district) and Sriperumbudur (Chengai Anna District);

(ii) Jails, Borstal and Approved Schools;

(iii) Departmental units of the Industries Department of the Government;

(iv) Industrial co-operative societies or units including Saranjam Karyalayas of the State Khadi and Village Industries Board whichever is nearer to the office or department requiring the furniture and

(v) The Tamil Nadu Discharged Prisoners Aid Society.

(c) The purchasing officer should endeavour to enter into a contract with the jail Department in respect of any supplies ordered from that department, but should not demand any security from it.

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(d) All Heads of Departments in Tamil Nadu should place their indents for supply of furniture straight with the Tamil Nadu Discharged Prisoners Aid Society of jails, Approved Schools and Units of Industries Department or Tamil Industries Corporation and Industrial co-operatives under the control of the Director of Industries and Commerce, Departmental Units and Industrial Co-operatives under the control of the Tamil Nadu Khadi and Village Industries Board, Madras and the Units run by Panchayat Union. If the society expresses its inability to supply any of the furniture required, they might purchase the furniture from the Industrial Institutions run by local bodies and recognised private Industrial schools and only if these Institutions are unable to supply the furniture required by them, they should resort to local purchases.

(3) Before orders are placed with private firms, the surplus stock of the articles, if any, available with other departments of the Government, should first be utilized, irrespective of the cost at which it is available. The following instructions should be observed in regard to the utilization of the surplus stores in the departments of the Government

(a) Each head of a department should circularize from time to time lists of all usable stores found surplus to the requirements of this department to other heads of departments as soon as the surpluses are noticed.

(b) Every head of a department should see from the lists received by him under instruction (a) whether he can utilise the stores available with the other departments before he places, or allows his subordinate to place orders for the purchase of such stores in the open market or submits proposals to the Government for such purchase.

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Even in case where no list has been received by him covering the particular articles required by him, he should make enquiries of the heads of departments with whom such stores may be available ordinarily.

(c) When proposals are submitted to the Government for according sanction to the purchase of any stores, it should invariably be stated whether action was taken with reference to instruction (b) above and if so with what result.

Rule VIII- The articles enumerated below or any other articles of a special or unusual character, may when suitable and economical purchases cannot be made in accordance with the preceding rules, be obtained without reference to those rates subject to the following conditions

(a) When the value of the purchase amounts to Rs.500 for any one article purchased at the same time, the purchasing officer shall record his reasons for not effecting the purchase in accordance with the preceding rules.

(b) The purchasing officer may at his discretion either obtain the article that he requires by indent on the India supply Mission, London or purchase it direct from a manufacturer or dealer abroad. When he decides to buy it direct from a manufacturer or dealer abroad, he shall whenever practicable, first invite tenders.

(c) When articles are purchased abroad under this rule through the agency of the India Supply Mission, London or Washington, payments will be made by the Chief Accounts Officer, High Commission of India, London or of Indian embassy, Washington, as the case may be the debits being passed on to India for adjustment. In other cases payment will be made through the Accountant-General.

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[125-cont.]

INSTRUCTIONS

1. Rule VIII lays down an exception to the principle enunciated in Rule II. Before availing himself of the discretion given by Rule VIII, a purchasing officer should invariably take all possible steps to assure himself that stores of the requisite quality cannot be obtained in India at suitable prices in accordance with the provisions of Rule II.

2. If orders are placed abroad under the provisions of Rule VIII, on the basis of delivery free on board vessel at the port of despatch the arrangements for the shipment of the stores should be entrusted to the Director-General, India Supply Mission, London. The indenting officer should inform the supplier of this arrangement and should send a copy of his order to the Director-General, India Supply Mission, London for information.

3. It will be noted that under this rule "articles of a special or unusual character" may be obtained by indent on the India Supply Mission, London or purchased direct from a manufacturer, or dealer abroad. The expression "articles of a special or unusual character" should not be taken to cover generally articles not produced or manufactured in India such as locomotives, boilers, plant and machinery. It is intended to cover only articles such as spare or replacement parts, of non-standard appliances and other articles which cannot conveniently be obtained by calling for tenders on a rupee basis. For example, a purchasing officer may require a replacement part for a machine tool of a particular type and make, the manufacturer of which is not represented in India and is not able to tender for delivery and payment in India. Again, a special type of machine may be invented and produced by a manufacturer who is not represented in India and will only agree to supply the machine on his own conditions of sale.

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4. Though "Scientific instruments" are included in item (ix) under Rule VIII, purchasing officers should continue to indent on the Medical Stores Depot, Madras and the Mathematical instruments Office, Calcutta for medical instruments and for drawing, surveying and other mathematical instruments respectively, when they can obtain instruments of the requisite quality there economically, and should not obtain instruments of these classes from abroad unless it is impossible to buy them economically in India.

5. The purchasing officer should enter in every indent sent to the Director-General, India Supply Mission, London, the grant number and the Head of Account to which the expenditure relates, the amount of appropriation provided and an estimate of the cost of each item. He should enter the estimated freight charge for the whole indent separately from the estimated costs of the stores and should show the grand total of both on the cover of the indent. When he is not able to estimate the cost of freight charges separately, he may enter the total estimated cost c.i.f., Madras. A purchasing officer should not send any indent for stores to the Director - General, India Supply Mission, London, so late in the financial year that it is obviously impossible to comply with it and pay for the stores within the financial year. If the Director-General receives any such indent, he will inform the Government that it is not possible to comply with it before the end of the financial year, and that he is arranging to do so during the following financial year. When it is essential to send an indent to London, before the relevant Appropriation Act has been communicated to the authorities concerned, the appropriation which it is proposed to make should be stated in the indent. No such indent for an amount exceeding Rs.200 should be sent without the consent of the Finance Department. If the Finance Department has given

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its consent, the words "The Finance Department has agreed to the execution of this indent" should be written on the indent.

6. When stores are brought in the United Kingdom on the basis of delivery free on board vessel at the port of despatch and are inspected before shipment under arrangements made by the Director-General, India Supply Mission, London, and delivered to him for despatch the purchasing officer in India may, if he considers it desirable authorise the supplier to submit his bills to the Director-General, India Supply Mission, London. The Director-General will certify on the bills that the stores to which they relate have been duly inspected and despatched under arrangements made by him, and then pass them on to the High Commissioner for India for payment. The High Commissioner will debit the amount paid, in the account current between England and India and pass on to the Accounts Officer concerned in India for adjustment supported by the suppliers bills bearing the certificate of the Director-General India Supply Mission, London.

When the purchasing officer in India desires to adopt this method of payment for any stores bought in the United Kingdom he should give full instructions to the "High Commissioner" and "Accountant-General" India Supply Mission, London and the suppliers. If the supplier is required to submit more than one copy of each bill, the purchasing officer should state the fact in the order, and if his bills are to be submitted on any special form, the necessary forms should be supplied. Purchasing officers should distinguish very carefully between stores bought through the agency of the Director-General, India Supply Mission, London or Washington and stores merely delivered to him for despatch and shipped through his agency. In the former case, Payment cannot be made from India whereas in the latter case the procedure prescribed above should be followed.

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7. Payment for articles obtained by placing direct orders on private firms or individuals in the United Kingdom, shall be made through the Accountant-General. The Officer desiring to make such a payment shall as soon as all the formalities necessary in connection with the receipt, inspection and verification of the stores have been completed forward the supplier's bill in original to the Accountant-General for audit and payment. He should take particular care to ensure that no double payment is authorised in respect of the same claim. The Accountant-General after audit of the supplier's bill will purchase a sterling draft in favour of the supplier in the United Kingdom and remit it direct to the supplier under intimation to the departmental officer concerned in India. The Accountant-General will bring the cost of the sterling draft intimation to the departmental officer concerned in India. The Accountant-General will bring the cost of the sterling draft finally to account against relevant portion of the budget. The procedure laid down in Instructions 6 and 7 may be followed *mutatis mutandis* in the case of payments to be made for articles obtained by direct order from private firms or individuals in America and in cases where the payment is made by the Director-General, India Supply Mission, Washington in accordance with the procedure described in Instruction 6 above, the payment will be passed on by him to the Accountant-General in India for further necessary action.

The procedure laid down in Instructions 6 and 7 above should be followed *mutatis mutandis* when any other similar payment (e.g. a payment chargeable to the estimate for a work) has to be made on behalf of the Government to a private party in the United States of America.

When stores are obtained direct from a country other than the United Kingdom-see Rule VIII (c) (i) -the purchasing officer should as soon as all the

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formalities necessary in connection with the receipt, inspection and verification of the stores have been completed, forward the supplier's bill in original to the Accountant-General for Audit. If the transaction is in order, the Accountant-General will obtain a bill of exchange for the amount of the supplier's bill and send it to the purchasing officer for transmission to the supplier.

Rule IX-First preference shall be given to "AGMARK" graded products, provided the rates quoted for such "Agmark" products do not exceed the lowest tendered rate for non-graded product of the same quality by 5 per cent.

126.A Government servant who buys any stores for use in the public service without calling for tenders, when he ought according to the rules and instructions in Article 125 to call for tenders, is liable to be called upon by a superior authority or the Accountant-General to justify the method of purchase which he has adopted.

NOTE: The rules and instructions contained in Article 125 regarding the invitation of the tenders for the supply of stores do not apply to stores bought from the Governor's contract grant, but the comptroller of the Governor's household may follow the principles underlying them when it is advantageous to do so.

Acceptance of tenders

127. A Government servant who has to select a tender for acceptance should take into account the financial status of the tenderers. If other conditions are equal, the lowest tender should be accepted. When the lowest tender is not accepted, the reason should be recorded and all the relevant record made available to the Accountant-General during his local inspection of the accounts of the disbursing officers. The acceptance or rejection

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of a tender is a matter entirely within the discretion of the Government Servant responsible for the purchase of the materials, but a superior authority or the Accountant-General may call on him to justify the manner in which he has used his discretion and to give his reasons for rejecting any tender. No tenderer has any right to be told the reasons for rejecting his tender and the reasons for rejections should not be communicated to any tenderer. No tender should be accepted from any person directly or indirectly connected with the Government service. If any collusion is detected between a tenderer and a Government servant, it should be dealt with severely.

NOTE:- If a contract for supplies is placed on a higher tenderer, in preference to the lowest acceptable offer in consideration of offer of earlier delivery, the contractor will be liable to pay to Government the difference between the contract rate and that of the lowest acceptable offer, in case of failure to complete the supplies in terms of such contract within the date of delivery specified in the tender and incorporated in the contract.

Agreement for the supply of Stores

128. When a tender is accepted for the supply of stores, the successful tenderer should be required to execute an agreement in regard to supply, but long term contracts should be avoided. Only Government servants who have been specifically authorised to make contracts on behalf of the Governor should accept tenders and sign agreements on his behalf-see Article 51 and Appendix 3. A fixed price for each article is essential, and no agreement should provide for a price fluctuating with the market price. Except when, in special cases, partial payment is to be made before delivery with reference to instruction 3 under Rule II or instruction 16 under Rule III in

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[128-cont.]

Article 125 the agreement should provide that payment will not be made until the stores have been received and examined. No order should be given for any stores without obtaining at least a written agreement from the supplier as to the price, if not a formal written contract.

Agreements relating to the supply of stores are liable to stamp duty but their registration is optional.

NOTE 1 - The Works Manager, Government Press, Madras need not enter in agreements in regard to the supply of sheep skins which are to be supplied within a period of about a month.

NOTE 2 - The Director of Industries and Commerce and the subordinates in the Industries and Commerce Department are empowered to exempt firms from the execution of agreements as under -

Director of Industries and Commerce.	If the value does not exceed	Rs. 5,000
Joint Director of Industries and Commerce.	Do	1,000
Deputy Director of Industries and Commerce and officers not below that rank.	Do	500
Inspector of Industrial Schools.	Do	500
Assistant Director of Industries and Commerce and village Industries Officers and Officers not below that rank.	Do	200

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NOTE 3 - The State Khadi and Village Industries Board is exempted from executing agreements in regard to the supply of Khadi and other products of the State Khadi and Village Industries Board.

NOTE 4 - In the case of purchase of stores and machinery etc., from abroad involving release of foreign exchange and issue of actual users licence, etc., it may not be possible for the contractor to supply the stores, etc., at the rates quoted by him some months before the actual date of supply due to variation in prices on account of the increase in freight, increase in duties and statutory levies, increase in prices charged by the principals abroad etc. In such cases the price variation clause in the contract may be included. But no contract involving an uncertain or indefinite liability of any condition of an unusual character should be entered into without the previous consent of the Government. Where escalation in respect of labour, overheads, customs duties, freight etc., is provided for in a contract, the basis for the calculation of the same should be clearly indicated.

Security to be taken from contractors

129.(a) Subject to the provisions of clause (b) of this Article, whenever a private person or a firm makes a contract with the Government, he or it should be required to give security for the due fulfilment of the contract to an amount equivalent to 7 per cent of the total value of the contract as detailed below:

- | | |
|--------------------------|----|
| 1. Earnest money Deposit | 1% |
| 2. Security Deposit | 1% |
| 3. Withheld Amount | 5% |

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[129-cont.]

The security may take any of the forms (1) to (5) mentioned in Article 279. The personal security of two persons of known probity and satisfactory financial status may be accepted in exceptional cases, when there are special reasons for doing so.

Exception- The rate of Security Deposit to be collected from a private person or a firm in respect of tenders for the supply of cattle feed to the institution of the Departments of Animal Husbandary and Veterinary Education and Research shall be 8 per cent of the total value of contract.

(b) The head of a department may, when he thinks it desirable, exempt a firm of established repute from the obligation to furnish security in respect of all contracts, or a particular contract or class of contracts, made with his department. The Principal, College of Integrated Medicine may dispense with the security or reduce its amount in special cases, when he enters into contracts with firms or individual contractors of established repute.

NOTE:- The Chief Engineer (Agricultural Engineering) is empowered to exempt the firms of repute from payment of Security deposits.

(c) No security deposit need be taken from Ordinance Factories (Central Government Factories) in respect of tenders for the supply of stores called for the Police and Fire Service Departments of the Tamil Nadu State. This arrangement will be on a reciprocal basis.

(d) No security deposit need be taken from the state Khadi and Village Industries Board in respect of tenders for the supply of Khadi and other products of the State Khadi and Village Industries Board.

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(e) No security deposit need be obtained from a supplier in respect of petty local purchase costing upto Rs.200, provided the purchasing authority is satisfied that there is not likelihood of any loss occurring to the Government and that the *bonafides* of the supplier are beyond doubt.

(f) No security deposit need be taken from the Handicrafts units under the control of the Tamil Nadu Handicrafts Development Corporation Limited, in respect of tenders, quotations, etc., of the Government Departments and other Quasi Government bodies.

**Examination of contract by the
Accountant-General**

130. The Accountant-General in the exercise of his audit function will examine contracts and report to the Government the facts of any case that come to his notice in which competitive tenders were not invited though they should have been under the rules, or a tender other than the lowest was accepted without sufficient justification, or any other material irregularity was committed in connection with a contract.

To enable the Accountant-General, to conduct this check effectively in Local Audit, a chronological record of the tenders received and accepted as well as agreements and contracts executed should be maintained in each office. For this purpose a Register of Tenders as well as a Register of Contracts and Agreements should be maintained in each office in T.N.F.C. forms 25 and 26 with such modifications as may be found necessary in the respective departments. The tenders and agreements should be kept in serial order in the personal custody of the head of the Department or office, as the case may be, and mixed with the correspondence files.

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To enable the Accountant-General to conduct the check of agreements and contract effectively in Central Audit, all Heads of Departments and other Offices should send copies of agreements and contracts for the purchase of Rs.1,00,000 and above to the Accountant-General, Madras.

Tender and agreement form

131. T.N.F.C. Form 9 is a general form for use by a tenderer in submitting a tender and by a purchasing officer in making an agreement with a successful tenderer. This form should be used in connection with every invitation to tender when no other special form has been duly prescribed for the purpose.

131-A T.N.F.C. Form 9-A is a special form of agreement for the purchase of stores from foreign firms by the purchasing officers. They shall obtain an agreement in this form from the foreign firms while placing orders for the supply of stores.

**Claims in respect of imported stores
lost or damaged**

132.(a) The High Commissioner for India charges one fourth of one per cent on the value of all stores shipped to India by the India Supply Mission, London, to cover the cost of insurance during shipment up to the moment when the stores leave the ship's side. If any loss occurs which is properly chargeable to this insurance, he arranges to credit a corresponding amount to the Government under the head concerned by debit to "Marine Insurance". The receiving officer in India should see that a claim is promptly made against the shipper, the landing contractor, the supplier or "Marine Insurance" according to circumstances, whenever any loss or damage is detected on taking

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delivery of any stores shipped by the India Supply Mission, London. No claim should be made against "Marine Insurance" when the responsibility for the loss or damage can be fixed on the shipper, the landing contractor or the supplier and recovery made accordingly.

(b) Whenever it is considered that any loss or damage in respect of stores shipped by the India Supply Mission should be charged against "Marine Insurance", the circumstances should be reported in detail to the Director-General, India Supply Mission, London. The report should include the relevant particulars shown in the instructions on the packing account, viz, description of stores, details of numbers, and, when necessary, sizes and quantities. When articles are missing, the gross weights of packages as received should be furnished. The report should state whether any recovery has been made or claimed from the shipper or the supplier and, if no such claim has been made, the reasons.

(c) "Marine Insurance" does not cover any risk incurred after the moment when the stores leave the ship's side, i.e. during landing. It is therefore essential that the brittle articles, e.g., stoneware pipes, should not be landed at open roadsteads during certain seasons; such articles should be landed at these ports only when the risk of breakage is at a minimum. The purchasing officer should give clear instructions as to the time of delivery of such articles when ordering them for delivery at an open roadstead. A small allowance should be made for breakage when ordering stoneware or cast-iron pipes.

The following statement shows the times of the year at which landing of brittle stores at open roadsteads in Tamil Nadu is attended with the minimum risk:-

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Cuddalore - February to September inclusive
 Nagapattinam - February to September inclusive
 Pamban(North)- Early March to September inclusive
 Tuticorin - January to May and September and October

(d) The charges on account of "Marine Insurance" and department expenses levied by the High Commissioner for India in respect of stores shipped by the India Supply Mission London should not be added to the invoiced value of stores (including freight) for the purpose of making recoveries from the agents of shippers on account of short delivery of stores.

(e) The Government do not meet the cost of insurance during shipment of imported stores not shipped by the India Supply Mission, London, except when they do so by paying a purchase price that covers the cost, insurance and freight of the stores as delivered at the required port or station in the State. When a loss or damage is detected on taking delivery of any imported stores, shipped otherwise than through the India Supply claim is promptly made against the shipper, the landing contractor or the supplier, according to circumstances. If it is not possible to fix the responsibility for the loss or damage on the shipper or the landing contractor, the claim should be made against the supplier.

132-A. The following instructions should be followed in dealing with cases of loss of, or damage to, stores despatched by rail by contractors under f.o.r. contracts which do not contain specific provision regarding responsibility for loss or damages etc, en-route:-

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1.(a) The consignee will be responsible for verifying at the time of taking delivery that the stores have been received intact without loss or damage. When stores are despatched in full wagons, consignees should verify that the seals on the wagons are intact. If there is evidence of loss or damage, they should arrange to secure necessary certificates from the appropriate Railway officials before taking delivery. The loss or damage should be promptly intimated to the supplier and the purchasing officer, if any as well as to the Accounts Officer who is responsible for payment for the stores. The consignees should prefer a formal claim against the carrying Railway for the loss or damage. The paper dealing with the claim made on the Railway should thereafter be forwarded to the purchasing officer in case where the consignee is not himself the purchasing officer, and the purchasing officer will then be responsible for pursuing the matter further.

NOTE: The practice followed on all India Government Railways is to permit the consignees to record in railway delivery books details of any damages, shortage, etc., and if so desired take copies of such remarks which the station-master on duty is authorised to countersign. This applies irrespective of whether consignments are booked at owner's risk or Railway risk. This practice should be followed in dealing with cases of loss or damage to stores during transit.

(b) On receipt of intimation from the consignee about the loss or damage, the Accounts Officer will deduct an appropriate sum from an outstanding or a future bill of the contractor under advice to him and to the purchasing officer concerned. It will be the responsibility of the purchasing officer, if any, or the consignee to scrutinize each case carefully. In this connection, it should be remembered that it is the primary responsibility of the contractor to

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satisfy the purchasing officer as to the correctness of despatch and soundness of packing and the mere fact that the contract is on an f.o.r place of despatch basis does not absolve the contractor of responsibility for loss or damage in transit. If the purchasing officer or consignee considers that the contractor is not responsible and should be exempted under the terms of the contract, from bearing the loss in question, he should apply to the competent authority for sanction to the write-off of the loss and on receiving it should make necessary refund to the contractor.

NOTE: Cases of loss or damage in transit to such stores as liquid paint, oil, etc., which are supplied in drums or contract packed by the containers itself, will notwithstanding whether or not they are insured, be dealt within the manner indicated in the last sentences of sub-paragraph (e) below.

(c) The purchasing officer, if any, or the consignee will be responsible for pursuing with the Railway the claim lodged by the consignee and for recovering any compensation that may be due from the Railway.

(d) Any compensation recovered from the Railway will be credited to the Government if it is held under sub-paragraph (b) above that the contractor is not liable for the loss or damage. If the contractor has been held liable and the value has been recovered from him any amount recovered from the Railway will be paid to the contractor.

(e) In cases of loss or damage to stores in transit where the stores have been insured by the contractor against such risks, the contractor will have to take up the matter with insurer when he gets the receipt certificate from the consignee and

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recover the loss from the insurer. The indenter will be responsible for payment of stores actually received by the consignee.

(f) In the case of purchase of fragile and costly articles, open delivery system should be insisted upon. If open delivery system is not possible for any reason the fragile articles should be insured by the suppliers and the charges thereon should be included in the rates quoted by them. No extra charges should be paid for the insurance and in any case whether the firms has insured the articles or not damages, if any, occurring during transit should be made good by the suppliers. A clause stipulating the above conditions should be included in the conditions of tenders or quotations to be called for towards the purchase of fragile and costly articles. In such cases, the suppliers should be required to indicate the cost of articles and the insurance charges separately.

2. In the case of steel purchased from main producers or rerollers the claim on the carrier for losses and damage will be preferred by the consignors and not by the consignee. The consignor will prefer the claim on receipt of the intimation from the consignee as prescribed in sub-paragraph 1 (a) above

In the case of steel purchased from controlled stock-holders, the claim on the carrier for losses and damage will be preferred by the consignee for supplies from such controlled stock-holders and no deduction should be made from their bills by the Accounts Officer on account of loss or damage. If, after investigation, the consignee finds that Government have a claim on the controlled stock-holder, he should prefer the necessary claim direct. In the event of a controlled stock holder refusing to meet such claim, the case should be referred to the Iron and Steel Controller, who will arrange to make the necessary recovery.

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Stock accounts

133. (a) The head of an office and any other Government servant who is entrusted with stores of any kind should take special care in arranging for their safe custody. He should also maintain suitable stock accounts or inventories for the stores in his custody with a view to preventing losses to the Government through theft, fraud or accident, and to making it possible to check the actual balances with the book balances and the expenditure on stores at any time.

The form of the stock account has to be settled with reference to the nature of the stores, the frequency of transactions and the special circumstances of each department. The same form of stock account would not be suitable both for consumable articles such as dietary stores kept for use in a hospital or jail, and also for ordinary office furniture. Ordinarily each office should keep its stock account or accounts in the form and according to the instructions laid down in any general or special orders of the Government which apply to the department concerned or in the departmental manual, code or orders. If no such form and instructions are available, or if they are available but a competent authority has held that they are defective, then the stock accounts should be kept in accordance with the instructions in clause (b) and Articles 134 to 136 below.

(b) Separate stock accounts should be maintained in the prescribed forms for (a) raw-materials and expendible stores used in manufacturing departments etc., (b) The office furniture, including all office stores except books, forms and stationery and (c) Live stock.

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**Stock accounts of raw materials
and expendible stores**

134. The stock accounts required on account of raw materials and expendible stores include day books of receipts and issues for recording the transactions as they take place, and a ledger for each kind of article showing the receipts, issues and balances. If no specific forms and rules have been prescribed for a department, Common Forms 143 and 268 should be used for this purpose.

Stock accounts of office furniture and stores

135. Every head of an office should maintain a stock account of furniture and all other office stores (except books, forms and stationery) in form 10 showing the number received, the number disposed of (by transfer, sale, loss, etc) and the balance in hand for each kind of article separately. When an office is large and the furniture, etc., is kept in several rooms, the head of the office may have an inventory of the furniture, etc., kept in each room hung up in the room and kept up to date in order to facilitate the annual verification of stock and fix the responsibility for any loss that may occur.

Every head of an office should also maintain stock accounts for forms and stationery in accordance with the rules in the Stationery Manual, and also a register of books belonging to the office.

Government libraries and museums should maintain catalogues as well as the prescribed stock accounts or inventories.

Every head of an office should maintain stock account separately for each category of Livestock such as cattle, sheep, horse, poultry, etc., in form 10 (A).