

DR. LILY GANGMEI

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**GUIDELINES FOR
CONDEMNATION AND
DISPOSAL OF
NONCONSUMABLE
ARTICLES USED
IN HEALTH FACILITIES**



DIRECTORATE OF HEALTH SERVICES
DEPARTMENT OF HEALTH AND FAMILY WELFARE
GOVT OF NCT OF DELHI

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GUIDELINES FOR CONDEMNATION AND
DISPOSAL OF NONCONSUMABLE ARTICLES
USED IN HEALTH FACILITIES

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डा० अशोक कुमार वालिया
Dr. ASHOK KUMAR WALIA



स्वास्थ्य एवं परिवार कल्याण, उच्च शिक्षा व
प्रशिक्षण एवं तकनीकी शिक्षा, कौशल
मिशन/श्रम, सिंचाई और बाढ़ नियंत्रण मंत्री
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MESSAGE

It gives me immense pleasure to know that the Directorate of Health Services has taken an initiative to prepare and publish the 'Guidelines for Condemnation and Disposal of Nonconsumable Articles Used in Health Facilities'.

I trust this initiative shall be helpful for all our dispensaries and hospitals in getting rid of non-functional/ outdated equipment and replacing them with functional state of the art new equipment. Availability of such clear cut guidelines in health department should be helpful in ensuring quality equipment and services at all levels of health facilities.

I congratulate Directorate of Health Services in bringing out these guidelines. I hope the initiative to continue in other priority areas also.

(Dr. A.K. Walia)



S.C.L. Das, IAS

सचिव

Secretary



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MESSAGE

Directorate of Health Services has taken an initiative to bring out the 'Guidelines for Condemnation and Disposal of Non-consumable Articles Used in Health Facilities'. Need for such guidelines that could be made applicable to health facilities has been a long felt need of this department. A number of items in stores of our health facilities are lying idle, occupying precious space despite being unusable on account of being obsolete or beyond repair. Availability of these guidelines shall help in expeditious condemnation of such articles and free hospital space for new equipment and articles.

The General Financial Rules 2005 broadly outline the procedure for condemnation, but do not contain adequate details for undertaking the condemnation procedure at health facilities. The Directorate of Health Services has addressed this felt need and brought out the guidelines with inputs from senior and experienced doctors. The process has been taken up on priority by the directorate in public interest.

I congratulate the Director, Health Services in this endeavour.

(S.C.L. Das)



डॉ. एन. वी. कामत
निदेशक स्वास्थ्य सेवाएँ

Dr. N. V. Kamat
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Preface

It is a matter of great pride to bring out this booklet on 'Guidelines on Condemnation of Nonconsumable Articles Used in Health Facilities'. It has been a long felt need for health administrators as well as clinicians to get rid of obsolete or nonfunctioning equipment. Formulation of such guidelines specifically required prescribing life period for commonly used items in health facilities and authorised ways of disposing such items when their utility and lifetime is over. A clinician is benefitted with the disposal of such articles paving way for the new state of the art equipment after getting rid of unwanted, obsolete or surplus articles and equipment which serve no purpose other than occupying precious space and is also a health hazard.

Some of the items are considered as hazardous waste one way or the other and are required to be disposed off in a specified manner as per rules. Besides the lifetime of common articles, the guidelines also give an outline of rules that are to be kept in mind.

These guidelines have been prepared by a committee of senior doctors viz. Dr. B. Mohanty, Dr. Sunil Bhatnagar and Dr. Arun Banerjee whose report formed the basis of these guidelines. Thereafter with review and inputs from various hospitals and dispensaries the guidelines have been finalized. I congratulate Dr. Parveen Kumar for his hard work in compiling preparing and bringing out these guidelines in this form.

Suggestions for further improvement and updation of these guidelines are welcome and will be appreciated.

(Dr. N.V. Kamat)

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1. INTRODUCTION

1. The health facilities viz. the dispensaries, health centres, hospitals etc. use a variety of equipment, instruments, articles, furniture, electrical/electronic items which require to be replaced /condemned from time to time. Many of these are critical with a view of maintaining the standards of quality medical care.
2. Presence of a prescribed life period for medical equipment / instruments etc. allow managers a benchmark for establishing realistic budgets and plans for the phase-in of replacement medical equipment/instruments and thus maintain the standards of medical care as well have effective planning of health facilities.
3. There are no specific rules or laws for determining the life span of medical equipment or items used in medical setups. Such decisions of condemnation/lifetime depends upon
 - a) the possibility to manage technical assistance in order to maintain the equipment safe and functional;
 - b) the technology level of new generation devices in comparison with the old one (the old device uses an outdated technology and by now surpassed);
 - c) the balance cost-benefits.Such decisions are thus be based on both technical and administrative grounds. In hospitals it may be possible to find equipment that goes for 15 years of life(safety cabinets, steam sterilizers, little laboratory equipment etc.). On the other hand similar equipment may not last that long depending upon the quality, maintenance and usage.
4. Some departments such as CPWD have their own yardsticks for their common used items as useful lifetime depending upon their usage. Such criteria may not be applicable to items used medical setups where the usage and handling and maintenance are all together different. Hence there is need for health facilities to have it's own norms/guidelines to have prescribed lifetime for various equipment/items and a policy to maintain/replace such equipment.

2. EXISTING RULES/GUIDELINES

5. Rule 196 of GFR 2005 outlines the basic principles of disposal of goods as reproduced under:

Rule 196. Disposal of Goods

- (i) An item may be declared surplus or obsolete or unserviceable if the same is of no use to the Ministry or Department. The reasons for declaring the item surplus or obsolete or unserviceable should be recorded by the authority competent to purchase the item.
- (ii) The competent authority may, at his discretion, constitute a committee at appropriate level to declare item(s) as surplus or obsolete or unserviceable.
- (iii) The book value, guiding price and reserved price, which will be required while disposing of the surplus goods, should also be worked out. In case where it is not possible to work out the book value, the original purchase price of the goods in question may be utilised. A report of stores for disposal shall be prepared in Form GFR -17.
- (iv) In case an item becomes unserviceable due to negligence, fraud or mischief on the part of a Government servant, responsibility for the same should be fixed.

6. The format of report of stores for disposal is to be prepared in Form GFR -17 as reproduced under :

FORM GFR 17

[See Rule 196 (iii)]

Report of Surplus, Obsolete and Unserviceable Stores for Disposal

Item No.	Particulars of stores	Quantity/ Weight Original purchase price	Book Value/	Condition and year of purchase	Mode of disposal (sale, public auction or otherwise)	Remarks
1	2	3	4	5	6	7

Signature

Designation

Date

7. Manual on Policies and Procedures for Purchase of Goods, Ministry of Finance, Government of India also prescribe the following guidelines in regard of disposal of surplus Goods as under :

15.4 Disposal of Surplus Goods

With the passage of time, many of the goods purchased by the Ministries/Departments become unserviceable or obsolete. Such goods are classified as surplus goods. The Ministries/Departments should dispose off such surplus goods at the earliest, to avoid unnecessary inventory carrying cost, decrease in resale price of those goods etc.

Detailed comprehensive instructions for disposal of surplus goods are available under Rules 196 to 202 of General Financial Rules, 2005, as provided 116 under Annexure 'L' of Chapter-16 of this manual. The Ministries/Departments are to follow the same for this purpose.

8. Rule 201 and 202 of GFR 2005 further lay down principles in regard of the process for such disposal with regard to the procedure and delegation of powers as given under :

Rule 201.

A sale account should be prepared for goods disposed of in Form GFR 18 duly signed by the officer who supervised the sale or auction.

Rule 202.

- (1) Powers to write off : All profits and losses due to revaluation, stock-taking or other causes shall be duly recorded and adjusted where necessary.

Formal sanction of the competent authority shall be obtained in respect of losses, even though no formal correction or adjustment in government accounts is involved. Power to write off of losses are available under the Delegation of Financial Powers Rules, 1978.

- (2) Losses due to depreciation : Losses due to depreciation shall be analyzed, and recorded under following heads, as applicable :-

- (i) normal fluctuation of market prices;
- (ii) normal wear and tear;
- (iii) lack of foresight in regulating purchases; and
- (iv) negligence after purchase.

- (3) Losses not due to depreciation : Losses not due to depreciation shall be grouped under the following heads :-

- (i) losses due to theft or fraud;
- (ii) losses due to neglect;
- (iii) anticipated losses on account of obsolescence of stores or of purchases in excess of requirements;
- (iv) losses due to damage, and
- (v) losses due to extra ordinary situations under 'Force Majeure' conditions like fire, flood, enemy action, etc.;

9. Under Government health facility setups the above principles require some techno administrative framework to practice the above guidelines. Presence of such guideline will help in early, timely and effective disposal of surplus or unserviceable stocks and also to maintain the requisite standards of medical care which are otherwise adversely affected in absence of such guidelines.

10. Earlier also, the effective life of Linen items has been prescribed in a circular from H&FW department, Govt. of NCT of Delhi. CPWD maintenance manual also indicates the life time of the routine items used by them. However, in medical setups, be it primary level dispensary/health centre or higher up in secondary/ tertiary setups (hospitals), the usage of most of items is different from that implied under CPWD manual and such guidelines become ineffective or unable to maintain the requisite quality of medical care and always gives poor impression besides being a cause of poor medical care such as being the source of infection.

3. RECOMMENDATIONS

11. The following guidelines are recommended to be adopted to declare the medical equipment to be declared as surplus, obsolete or unserviceable :

11.1. Equipment may be declared surplus, obsolete or unserviceable if it is:

i. Nonfunctional and beyond economical repair

When the equipment is nonfunctional cannot be economically repaired or maintained properly it should be scrapped and replaced.

ii. Nonfunctional and unserviceable

When the equipment cannot be repaired (no parts available) or it cannot be maintained properly it should be scrapped and replaced.

iii. Nonfunctional and obsolete

When equipment is not usable because parts are out of date or the clinical technique is no longer recommended it should be scrapped.

iv. Functional but obsolete technology

When equipment is usable but the clinical technique is no longer recommended it should be scrapped.

- 11.2. All equipment recommended for condemnation should be reported to management and the condemnation committee. They should take into account any period of storage in addition to use, examine the condition of the equipment to see whether the item could be put to further use economically and if not they will declaring the item obsolete/surplus or unserviceable as appropriate.
12. Consumable items should not have any prescribed life time. Plastic and glass items shall have no prescribed life and are consumables, but the disposal of such items is to be done as per GFR 2005 wherever feasible.
13. The medical equipment should follow the maintenance schedule and life as prescribed by the manufacturer. After such prescribed life period, the book value of such stores may be treated as zero, however for declaring such items as surplus, the guidelines as contained in para 11 above may be used keeping in mind the usability of such items. There is a need for equipment maintenance policy and to have contract management units in each of the hospital/DHS.
14. In view of above, the following lifetime recommended in the table given below for various items is purely indicative in nature so as arrive at the book value at the end of the prescribed lifetime and to practice the basic principles as contained in GFR 2005 and Manual on Policies and Procedures for Purchase of Goods in essence with the spirit of the rules while ensuring to maintain the quality of medical care .

4. LIFE TIME OF ITEMS USED IN HEALTH FACILITIES

S. No.	Item	Category	Life (Yrs)	Remarks
1.	Electronic Equipment	Electronic equipment	-	Manufacture prescribed life or 7 years otherwise
2.	Extension Cord	Electrical equipment	1	
3.	Heater (Coil)/ Convector	Electrical equipment	5	
4.	Inverter	Electrical equipment	7	
5.	Invertor Battery Tubular	Electrical equipment	3	
6.	Invertor Battery Nontubular	Electrical equipment	3	
7.	Lantern/Emergency Light	Electrical equipment	3	
8.	LCD/LED TV	Electronic equipment	7	
9.	PA system Portable	Electronic equipment	5	
10.	PA system fixed	Electronic equipment	7	
11.	Refrigerator	Electrical equipment	7	
12.	Telephone Instrument	Electronic equipment	7	
13.	TV	Electronic equipment	7	
14.	VCD/DVD Player/VCR	Electronic equipment	5	

S. No.	Item	Category	Life (Yrs)	Remarks
15.	Almirah (Steel)	Furniture	15	
16.	Almirah (Wooden)	Furniture	15	
17.	Cane chair	Furniture	5	
18.	Central Table - Glass Top	Furniture	10	
19.	Central Table - Compact wood top	Furniture	10	
20.	Central Table - Wooden	Furniture	15	
21.	Chair (executive revolving)	Furniture	7	
22.	Chair Office Wooden	Furniture	5	
23.	Chair Visitor	Furniture	5	
24.	Compact Wood Furniture	Furniture	7	
25.	Corner table	Furniture	10	
26.	Executive Chair Revolving	Furniture	7	
27.	File Cabinet	Furniture	15	
28.	Office Table MS frame	Furniture	10	
29.	Office Table Solid Wooden	Furniture	10	
30.	Sofa	Furniture	15	
31.	Steel Rack	Furniture	10	
32.	Table	Furniture	10	
33.	Wooden Rack	Furniture	10	
34.	Wooden Stool	Furniture	10	

S. No.	Item	Category	Life (Yrs)	Remarks
35.	Stool Steel	Furniture	7	
36.	Bucket (GI)	General item	5	
37.	Canvas Bag	General item	1	
38.	Coir Mattress Bed	General item	2	
39.	Complaint Box	General item	3	
40.	Dustbin Metal	General item	5	
41.	Foam Mattress Bed	General item	2	Hospital Use, otherwise 4 year
42.	Foam Mattress Exam Table	General item	2	
43.	HD Foam Mattress Bed	General item	5	
44.	Jala Remover (Lathi Panipat)	General item	1	
45.	Jug Enamelled (EI)	General item	5	
46.	Lathi	General item	2	
47.	Lock	General item	5	
48.	Mattress Stretcher	General item	2	
49.	Manual Call bell	General item	3	
50.	Mug (Enamelled)	General item	5	
51.	Notice Board	General item	3	
52.	Paper Shredder	General item	5	
53.	Paper Weight	General item	2	
54.	Pressure Cooker	General item	5	
55.	Punch	General item	3	
56.	Remote Call Bell	General item	2	

S. No.	Item	Category	Life (Yrs)	Remarks
57.	Rubber Mattress Exam Table	General item	2	
58.	Rubber Pipe	General item	2	
59.	Rubberised Coir Mattress Exam Table	General item	2	
60.	Stapler	General item	3	
61.	Table Lamp	General item	1	
62.	Table Top Stand	General item	5	
63.	Torch	General item	5	
64.	Umbrella	General item	3	
65.	Whistle	General item	3	
66.	Dotmatrix Printer	IT Item	5	As per IT
67.	Inkjet Printer	IT Item	5	dept
68.	Laptop	IT Item	5	Guidelines
69.	Laser Printer	IT Item	5	
70.	PC	IT Item	5	
71.	UPS	IT Item	5	
72.	Linen items	General item	1	M&PH
73.	Blanket	Linen Item	3	communication dated 11.4.85
74.	Apron	Linen Item	1	
75.	Pillow	Linen Item	2	
76.	Pillow cover	Linen Item	1	
77.	Autoclave	Medical equipment	7	
78.	Bag Valve Mask (Ambu)	Medical equipment	7	

S. No.	Item	Category	Life (Yrs)	Remarks
79.	Boiler/Electric Steriliser	Medical equipment	7	
80.	BP App (digital)	Medical equipment	5	
81.	BP App (mercury)	Medical equipment	5	
82.	Centrifuge	Medical equipment	7	
83.	Cylinder	Medical equipment	5	
84.	Cylinder Key	Medical equipment	5	
85.	Cylinder Stand	Medical equipment	3	
86.	Dressing Drum	Medical equipment	7	
87.	Examination light	Medical equipment	5	Bulb is consumable, life – usage dependent
88.	Face Mask resuscitator (PVC)	Medical equipment	2	
89.	Flowmeter	Medical equipment	1	
90.	Ice box(Plastic)	Medical equipment	5	
91.	Ice Line Refrigerator	Medical equipment	7	
92.	Nebuliser	Medical equipment	3	
93.	Needle Destroyer	Medical equipment	2	

S. No.	Item	Category	Life (Yrs)	Remarks
94.	Oxygen Cylinder	Medical equipment	5	
95.	Regulator	Medical equipment	5	
96.	Resuscitation Kit Bag	Medical equipment	2	
97.	Suction Bulb	Medical equipment	3	
98.	Suction Machine (Foot Operated))	Medical equipment	5	
99.	Suction Machine (Hand operated)	Medical equipment	3	
100.	Syringe Cutter	Medical equipment	2	
101.	Vaccine Carrier	Medical equipment	5	
102.	Weighing Machine (Digital)	Medical equipment	2	
103.	Weighing Machine Mechanical	Medical equipment	3	
104.	Weighing Scale (Pediatric)	Medical equipment	2	
105.	Bedside Side Rack	Medical Furniture	5	
106.	Examination Table	Medical Furniture	10	
107.	Examination Table	Medical Furniture	7	
108.	Foot Steps	Medical Furniture	5	

S. No.	Item	Category	Life (Yrs)	Remarks
109.	Gynaecology Table	Medical Furniture	7	
110.	Physio/Massage Table	Medical Furniture	7	
111.	IV stand	Medical Furniture	7	
112.	Revolving Stool	Medical Furniture	5	
113.	Revolving Stool	Medical Furniture	5	
114.	Side Screen	Medical Furniture	7	Screen curtain cloth - 1 year
115.	Tripod/Stool	Medical Furniture	5	
116.	Enamelled Tray	Medical Instruments	5	
117.	Examination set	Medical Instruments	5	
118.	Instrument Trolley (MS)	Medical Instruments	3	
119.	Instrument Trolley (SS)	Medical Instruments	5	
120.	SS Instrument/ Kidney Trays	Medical Instruments	5	
121.	SS instruments	Medical Instruments	5	

5. DELEGATION OF FINANCIAL POWERS AND STANDARD OPERATING PROCEDURE

15. As per delegation of financial powers rules communicated by Finance Department, Govt of NCT of Delhi item No.31 the delegation are as under :

15.1. The Head of Departments are have a delegation of power upto Rs 10,00,000/- (Rupees Ten Lakhs) at a time, subject to acceptance of the recommendations of the Condemnation Board by the competent authority in respect of disposal of obsolete, surplus or unserviceable stores. The HoD should observe the procedure prescribed in Rules 196-200 of GFR 2005.

15.2. The Head of Offices are have a delegation of power upto Rs. 5,000/- at a time, subject to acceptance of the recommendations of the Condemnation Board by the competent authority and also subject to the conditions that the Head of the Office is not on condemnation board with regard to disposal of obsolete, surplus or unserviceable stores.

15.3. Surplus/obsolete and unserviceable store : While declaring an item surplus/obsolete or unserviceable the following important points may be kept in view:

- Authority competent to purchase stores shall be competent to declare the store as obsolete/surplus/unserviceable.
- An item may be declared obsolete/surplus/unserviceable if it is no longer required by the office. Reasons for the same should be recorded in the board proceedings.

- iii. An item remaining in stock for over a year shall be considered surplus unless there is any good reason to treat that otherwise.
- iv. Prescribed or stipulated life period of the stores should be taken into account.
- v. In case such period is not prescribed/stipulated or it is not over, the committee should examine the condition of stores and record suitable reasons.
- vi. Where the life period has been prescribed or stipulated and is already over, it should normally be taken as enough ground for declaring the item obsolete and unserviceable. However, the condition of the item should still be thoroughly examined by the committee to see whether the item could be put to further use.
- vii. In other cases, where the 'life period' is not over or no life period has been prescribed or stipulated the reasons for declaring the item obsolete/surplus or unserviceable should be clearly brought out in the board proceedings.
- viii. In case of loss due to negligence, fraud or mischief on the part of any government servant, responsibility should be fixed and losses made good. In order to identify the surplus/obsolete and unserviceable store items lying in office a periodical inspection of stores should be made by every office every six month and a report of such store items should be prepared and submitted to the competent authority.

16. CONSTITUTION OF THE CONDEMNATION BOARDS

- 16.1. Each office under DHS (districts, schemes and HQ) shall be having a duly constituted condemnation board with the approval of Director Health Services. The board shall meet periodically and recommend regarding disposal of obsolete, surplus or unserviceable stores as per provisions of the GFR. The concerned Head of Office shall not be a member of the board ordinarily.
- 16.2. In case of Hospitals such board shall be constituted with the approval of Medical Superintendent concerned.
- 16.3. The items so identified should be examined by the Condemnation Board. The Board shall consist of not less than three members of the department, locally available as far as possible of whom one may be from administration and one will be technical member having knowledge of the store. Third member may be from finance if locally available; otherwise the competent authority may nominate any suitable and experienced officer. The board will submit its report in Form GFR-17 for necessary action by the competent authority.
- 16.4. The stores which are reported to be surplus/ obsolete or unserviceable by the board may be declared surplus/obsolete/unserviceable and ordered to be disposed off by the authority. The board in its report should also specify the manner in which the stores are to be disposed off.
- 16.5. It may be ensured that the time-lag between the declaration and actual disposal of stores is minimized and proper protection is given to all such store items till their removal by the purchaser.

- 16.6. The general instructions relating to disposal of obsolete, surplus or unserviceable stores contained in GFRs should invariably be followed by all officers entrusted with the work.

17. PROCEDURE AT DISPENSARY

- 17.1. Each dispensary incharge will prepare a list of articles proposed to be condemned as per format GFR 17 (under GFR rule 196(iii)). The requisite information for filling up the format is available in the stock registers, log books or log cards. An inventory of the dead stock showing the number received, the number disposed off (by transfer, loss, sale etc.) and the balance in hand for each kind of article shall be maintained in all offices as per provision of GFR - 112. Any Information required for preparing the list if not available shall be sought from the office from where such item has been indented. In case the same is not available an indicative price may be given for the same.
- 17.2. The reason for proposing the items for condemnation should be clearly mentioned in such proposals.
- 17.3. The store keeper of dispensary will prepare such list under supervision of the dispensary Incharge and the dispensary Incharge will forward the same to the CDMO/HOO concerned.

18. PROCEDURE AT DISTRICT/SCHEMES

- 18.1. All the proposals received from the individual dispensaries/clinics shall be compiled at the level of district.
- 18.2. All such cases will be presented to condemnation board that will scrutinize the proposals and recommend as per provisions of GFR in this regard.

- 18.3. Each district will constitute a Condemnation Board with the approval of Director Health Services to scrutinize the condemnation proposals. The board will work out the book value (if not already indicated), guiding price and reserved price, which will be required while disposing of the surplus goods, should also be worked out. In case where it is not possible to work out the book value, the original purchase price of the goods in question may be utilised. A report of stores for disposal shall be prepared in Form GFR -17.
- 18.4. If any recommendation of stores is within the delegation of financial powers of the Head of Office concerned, the same may be decided /approved by HOO concerned (HOO (DHS(HQ))/CDMO/Addl. Director MHS/ Addl. Director SHS). In case it is beyond the financial powers of the HOO concerned, the proposal shall be forwarded to the Head of Department i.e. DHS.
- 18.5. Similar procedure shall be followed at hospitals Medical Superintendent of hospitals being delegated with the powers as Head of department.

19. PROCEDURE AT DHS(HQ)

- 19.1. At DHS(HQ), the issue of condemnation of stores at dispensaries/MHS and SHS shall be looked after by CMO(Stores and Purchase) at DHS(HQ) while that for the stores of the Headquarters/branches shall be looked after by Incharge care taking branch.
- 19.2. The proposal forwarded by the concerned offices will be submitted to Head of Department i.e. DHS and shall be approved as per delegation of Financial powers.
- 19.3. In case approval or sanction is required from other authorities the proposal shall be forwarded to them for approval/sanction.

6. DISPOSAL GUIDELINES

20. DISPOSAL

20.1. The guidelines related to disposal are outlined in rule 197 to 202 of GFR. Rules 197 to 201 deal with the following :

- Rule 197. Modes of Disposal :
- Rule 198. Disposal through Advertised Tender
- Rule 199. Disposal through Auction:
- Rule 200. Disposal at scrap value or by other modes :
- rule 201. Preparation of sale account for goods disposed

20.2. Rule 197 GFR outlines various modes for disposal of Surplus or obsolete or unserviceable goods as reproduced under :

Rule 197. Modes of Disposal :

- (i) Surplus or obsolete or unserviceable goods of assessed residual value above Rupees Two Lakh should be disposed of by :
 - a) obtaining bids through advertised tender or
 - b) public auction.
- (ii) For surplus or obsolete or unserviceable goods with residual value less than Rupees Two Lakh, the mode of disposal will be determined by the competent authority, keeping in view the necessity to avoid accumulation of such goods and consequential blockage of space and, also, deterioration in value of goods to be disposed of.

- (iii) Certain surplus or obsolete or unserviceable goods such as expired medicines, food grain, ammunition etc., which are hazardous or unfit for human consumption, should be disposed of or destroyed immediately by adopting suitable mode so as to avoid any health hazard and/or environmental pollution and also the possibility of misuse of such goods.
- (iv) Surplus or obsolete or unserviceable goods, equipment and documents, which involve security concerns (e.g. currency, negotiable instruments, receipt books, stamps, security press etc.) should be disposed of/ destroyed in an appropriate manner to ensure compliance with rules relating to official secrets as well as financial prudence.

20.3. Rule 198 GFR lays down steps for disposal of surplus or obsolete or unserviceable goods through advertised tender as reproduced under:

Rule 198. Disposal through Advertised Tender.

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

- (a) The basic principle for sale of such goods through advertised tender is ensuring transparency, competition, fairness and elimination of discretion. Wide publicity should be ensured of the sale plan and the goods to be sold. All the required terms and conditions of sale are to be incorporated in the bidding document comprehensively in plain and simple language. Applicability of taxes, as relevant, should be clearly stated in the document.
- (b) The bidding document should also indicate the location and present condition of the goods to be sold so that the bidders can inspect the goods before bidding.
- (c) The bidders should be asked to furnish bid security along with their bids. The amount of bid security should ordinarily be ten per cent. of the assessed or reserved price of the goods. The exact bid security amount should be indicated in the bidding document.
- (d) The bid of the highest acceptable responsive bidder should normally be accepted. However, if the price offered by that bidder is not acceptable, negotiation may be held only with that bidder. In case such negotiation does not provide the desired result, the reasonable or acceptable price may be counteroffered to the next highest responsive bidder(s).
- (e) In case the total quantity to be disposed of cannot be taken up by the highest acceptable bidder, the remaining quantity may be offered to the next higher bidder(s) at the price offered by the highest acceptable bidder.
- (f) Full payment, i.e. the residual amount after adjusting the bid security should be obtained from the successful bidder before releasing the goods.
- (g) In case the selected bidder does not show interest in lifting the goods, the bid security should be forfeited and other actions initiated including re-sale of the goods in question at the risk and cost of the defaulter, after obtaining legal advice.

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

20.4. Rule 199 GFR stipulates method for disposal of surplus or obsolete or unserviceable goods through advertised tender as reproduced under:

Rule 199. Disposal through Auction:

- (i) A Ministry or Department may undertake auction of goods to be disposed of either directly or through approved auctioneers.
- (ii) The basic principles to be followed here are similar to those applicable for disposal through advertised tender so as to ensure transparency, competition, fairness and elimination of discretion. The auction plan including details of the goods to be auctioned and their location, applicable terms and conditions of the sale etc. should be given wide publicity in the same manner as is done in case of advertised tender.
- (iii) While starting the auction process, the condition and location of the goods to be auctioned, applicable terms and conditions of sale etc., (as already indicated earlier while giving wide publicity for the same), should be announced again for the benefit of the assembled bidders.
- (iv) During the auction process, acceptance or rejection of a bid should be announced immediately on the stroke of the hammer. If a bid is accepted, earnest money (not less than twenty-five per cent. of the bid value) should immediately be taken on the spot from the successful bidder either in cash or in the form of Deposit-at-Call-Receipt (DACR), drawn in favour of the Ministry or Department selling the goods. The goods should be handed over to the successful bidder only after receiving the balance payment.
- (v) The composition of the auction team will be decided by the competent authority. The team should however include an officer of the Internal Finance Wing of the department.

20.5. Rule 200 of GFR lays down other modes for disposal of surplus or obsolete or unserviceable goods as reproduced hereunder :

Rule 200. Disposal at scrap value or by other modes :

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

20.6. The rule 201 of GFR stipulates that a sale account should be prepared for goods disposed of in Form GFR 18 duly signed by the officer who supervised the sale or auction. The form GFR 18 is as under :

FORM GFR 18 (as per rule 201 of GFR)

Sale Account

Item No.	Particulars of Stores	Quantity/Weight	Name and full address of purchaser	Highest bid accepted	Highest bid rejected	Earnest money realized on the spot	Date on which the complete amount is realized and credited into treasury	Whether the articles were actually handed over on the spot. If not, the actual date of handing over of the articles with quantities	Auctioneer's Commission and acknowledgement for its payment
1	2	3	4	5	6	7	8	9	10

Signature

Designation

Date

21. PROCEDURE FOR DISPOSAL

21.1. Once the Condemnation Board declare the goods as unserviceable and to be condemned as specified in para 16 and determine the floor/reserve price of the same and the approval of competent authority as per para 15 has been obtained, such condemned goods shall be disposed of by the Head of Office by sale to the accepted bidder on "as is where is" and "cash & carry" basis through Quotation/Tender/Auction process from para 20 (GFR Rule 197-201).

21.2. While selling, the Head of office shall exercise the Delegation of Financial Power Rules. The disposable goods which could not be sold after even after 3rd attempt of sale shall be certified by the board as 'garbage' and shall be disposed of by the Head of Office. The Sales proceeds thereof shall be submitted to the Government exchequer through T.R.7 into receipt head of A/c "0210 - Medical & Public Health - 01 - urban Health Services - 800 - Other receipt - 006 - Collection from other sources - 27 - Other receipts."

21.3. The whole process shall be supervised by the CDMO in districts, HOO in case of scheme (MHS and SHS) and Addl. Director (HQ) in case of DHS(HQ). In case of Hospitals the whole process shall be supervised by the DMS/Addl MS.

21.4. DETERMINATION OF FLOOR/RESERVE PRICE

- The Condemnation Board after consideration of book value and inspection shall workout and fix up Floor/Reserve Price for each of the condemned items as per the formula given below:

$$\text{Floor/Reserve price} = \text{Book value} \text{ minus } \text{Depreciation} \text{ plus}$$

Weightage considering condition of the item.

Whereas Depreciation = Book Value multiplied by 'year of service' divided by 'Prescribed Life Period' in year.

- ii. If the book value is not available, the Board shall determine the same after consideration of available records pertaining to similar kind of items stored elsewhere.
- iii. The Board shall record their decision in writing alongwith GFR 17.
- iv. Weightage, as referred to above shall be as per the condition of the item and not exceeding 10% of the book value of the item.

21.5. SCRAP ITEMS

- i. The following scrap-items of minor value shall be described by the board in the reporting form where book value vis-a-vis floor/reserve price cannot be determined:
 - (a) Glass/Polymer scrap: Broken Glass and polymer etc.
 - (b) Glass/polymer containers: Unbroken jar/ container/receptacle of glass/polymer.
 - (c) Paper scrap: old newspaper, discarded medical/office records/registers/forms, cardboard containers etc.
 - (d) Wooden scrap: Broken Wooden Furniture & Fixtures etc.

- (e) Metal scrap: Broken/rusted Metal Furniture & Fixtures, machine parts, small surgical instruments, utensils etc.
- (f) Other mixed broken/spoilt/torn items
- ii. The weight of those scrap items shall be recorded by the board either after actual measurement or by approximation, as practicable. In case of scrap items, the board shall record the floor/reserve price of such items as 'undetermined-minor value'.

21.6. THE SALE PROCEDURE

- i. The procedure for sale/disposal of surplus or obsolete or unserviceable articles as outlined in OM No. F.13/2/2010-AC/dfsa/DS-III/731-732 dated 06.08.2010, Department of Finance, Govt of NCT of Delhi regarding 'Disposal of surplus or obsolete or unserviceable articles through e-auction through MSTC Ltd., a Government of India Enterprise on single source basis' is to be followed by the office/department. The above order is in pursuance of the cabinet decision No 1651 dated 10.05.2010 of Council of Ministers, Govt. of NCT of Delhi. The OM is placed at Appendix 1.
- ii. Annexure I of the OM mentions the guidelines to be followed by the departments with regard to the disposal of scrap material through MSTC Ltd.
- iii. All the departments are required to give M/s MSTC Ltd with the list of obsolete/surplus/ unserviceable materials with detailed specifications and description location, quantity

etc. so as to enable them to take action for the disposal of surplus or obsolete or unserviceable articles by e-auction over the internet through www.mstcecommerce.com.

- iv. Annexure II of the OM describes the procedure for e-auction through MSTC Ltd. Annexure II of the OM lays down the standard terms and conditions for e-auction through MSTC Ltd.
- v. Annexure IV depicts the internet forms to be issued by the department to be registered as sellers on the MSTC ecommerce website.
- vi. The head of the office shall record the proceeding of disposal in form GFR 18.

21.7. The goods either undetermined/minor value which could not be sold even after 3rd attempt of sale, shall be record by the board as 'garbage' and disposed in authorised mode of disposal.

22. E –WASTE AND OTHER WASTES DISPOSAL

22.1. The E-Waste (Management and Handling) Rules, 2011 have been notified by the Ministry of Environment & Forest, Govt. of India vide notification dated 12.05.2011 and these rules shall come into effect from 01.05.2012. E-waste disposal through unauthorized agencies is the violation of the provisions of the Environment (Protection) Act, 1986, which may attract fine upto Rupees One Lakh or imprisonment for a maximum period of five years or both.

22.2. As per definitions given in the said Rules:

- i. E-Waste means waste Electrical and Electronic

Equipment, whole or in part or rejects from their manufacturing and repair process, which are intended to be discarded.

- ii. Electrical and Electronic Equipment means equipment which is dependent on electric currents or electromagnetic fields to be fully functional.

22.3. These Rules apply to the hospitals/health facilities and DHS offices being a consumer that generate e-waste. As per the notification these rules shall apply to every producer, consumer or bulk consumer involved in the manufacture, sale, purchase and processing of electrical and electronic equipment or components, collection centre, dismantler and recycler of e-waste.

22.4. Radio-Active Wastes are to be disposed as covered under the provisions of the Atomic Energy Act, 1962 (33 of 1962) and rules made there under.

22.5. Batteries are covered under the Batteries (Management and Handling) Rules, 2001 made under the Environment Protection Act.

22.6. Hazardous waste are to be disposed as per "The Hazardous Waster (Management, Handling and Transboundary Movement) Rules 2008."

22.7. Common Facility Providers of E-Waste (collection centre)

- i. have been authorized by Delhi Pollution Control Committee to establish facility for collection, segregation and storage of E-Waste without dismantling and recycling. The list of the these authorized e-waste recyclers is available on DPCC website <http://dpcc.delhigovt.nic.in> and include :

S. No.	Name	Address	Phone No.
1	HRA E-waste Pvt. Ltd.	A-59, Second Floor, Jhilmil Industrial Area, New Delhi- 110095	9968413109
2	Green E-waste Recyclers Pvt. Ltd.	A-5/3, JhilmilIndl Area, New Delhi- 110095	9818730873
3	ParthSarathiEnviro Engineers.	A-115, Ph-II, Okhla Industrial Area, New Delhi-110020	9899955101
4	Greenscape Eco Management	348, Patparganj Indl. Area, Delhi	9810057555
5	Paramount Recycling Company	1/536-1/8, Old No.1/536-1, Friends Colony, Industrial Area, Delhi-110095	9837445715
6	Chintan Environment Research and Action Group	A-14, 1st Floor, GT Karnal Road, Industrial Area, Delhi-110033	24653560
7	B.S. Chawla and Co.	D-1/95, Phase-II, MayapuriIndl. Area, Delhi-110020	9811102355
8	V.K. Brothers	F-78, Mayapuri Industrial Area, Ph-II, New Delhi	9891238053
9	N.N. ECO System	A-294, Ph-1, Okhla Industrial Area, New Delhi-110020	9136261478

- ii. In addition some registered recyclers of E-Waste with Central Pollution Control Board, in Northern India are as under :

1. M/s Earth Sense Recycle Pvt. Ltd. , Plot No. 225, Sector-VI, IMT Manesar, Gurgaon, Haryana -122051, Telephone No: 0124-4368723, Fax no: 0124-4368723
2. M/s Greenscape Eco Management Pvt. Ltd. , H-1-472, Alwar, Rajasthan, Telephone No - 011- 40515662, Fax No. : 011-40515661
3. M/s. SIMS Recycling Solutions Pvt. Ltd. , J-2 and J-6, SDF Block-J, Noida Special Economic Zone (NSEZ) Noida Dadri Road, Noida, Uttar Pradesh -201305. Telephone / Fax No: 0120-4279233, 8800672244 , 97 177 89011
4. M/s Attero Recycling Pvt. Ltd., 173, Roorkee, Distt. Haridwar, Uttarakhand, Noida Unit :B-92, Sector 63, Noida -201301 Telephone No: 0120-4087111, 4087100, Fax no: 0120-4087101

23. MONITORING & SUPERVISION

23.1. All Heads of Offices shall submit the following to the Head of Department i.e. DHS in case of Directorate of Health Services twice each year by the prescribed date of 1st January and 1st July each year:

- (a) statement about formation of Condemnation Board including Name, Designation and Address of the members;
- (b) a consolidated statement of unserviceable or surplus goods in the form specified in form GFR 17;
- (c) a copy of the proceedings of the Boards.

7. BIBLIOGRAPHY

1. General Financial Rules 2005. Ministry of Finance, Government of India, New Delhi 2005.
2. Manual of Policies and Procedures for Purchase of Goods. Ministry of Finance, Government of India, New Delhi 2005.
3. Delegation of Financial Powers, Govt of NCT of Delhi, Order dated 26 June 2008.
4. Delegation of Financial Powers in respect o disposal of obsolete, surplus of unserviceable stores, Finance Department, Govt of NCT of Delhi, Order dated 21July 2009.
5. E-Waste (Management and Handling) Rules, 2011 notified by the Ministry of Environment & Forest, Govt. of India vide notification dated 12.05.2011.
6. General Financial Rules 1963. Ministry of Finance, Government of India.
7. M&PH, Delhi Administration communication on condemnation of Linen items,dated 11.4.85.
8. Medical Equipment Maintenance Manual - A first line maintenance guide for end users. Ministry of Health and Family Welfare, New Delhi ; October 2010.
9. Maintenance Manual, Directorate General CPWD, NirmanBhawan, New Delhi; 2000.
10. Disposal of surplus or obsolete or unserviceable articles through e-auction through MSTC Ltd. A Government of India Enterprise on single source basis. OM No. F.13/2/2010-AC/dfs/DS-III/731-732 dated 06.08.2010, Department of Finance, Govt of NCT of Delhi.

APPENDIX – I

Office Memorandum No. F.13/2/2010-AC/dfs/DS-III/731-732 dated 06.08.2010 on 'Disposal of surplus or obsolete or unserviceable articles through e-auction through MSTC Ltd.on single source basis' issued by department of Finance, Govt of NCT of Delhi.

No.F.13/2/2010-AC/dfs/DS-III/731-732
GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
FINANCE (ACCOUNTS) DEPARTMENT

'A' Wing, 4th Level,
Delhi Secretariat,
I.P. Estate, New Delhi.
Telephone No: 22392134

Dated: 06.08.2010

OFFICE MEMORANDUM

Subject: Disposal of surplus or obsolete or unserviceable articles through e-auction through MSTC Ltd., a Government of India Enterprise, on single source basis.

In pursuance of Cabinet Decision No.1651, dated 10.05.2010, it has been decided to engage MSTC Ltd., a Government of India Enterprise, initially for a period of three years, for undertaking the disposal of surplus or obsolete or unserviceable articles of all the Departments of Government of NCT of Delhi on service charges @ 2.75% on the value of materials disposed. If the total disposal through e-auction for all the units under the Government of NCT of Delhi during a financial year exceeds Rs.80 Crores, the service charges will be further reduced by MSTC Ltd. to @ 2.5% for that financial year. The credit/adjustment of this reduction in service charges will be done in the succeeding year. It has also been decided to waive off the condition of submission of Performance Security by MSTC Ltd. during the currency of contract.

MSTC Ltd. have agreed to provide their services to all the Departments of Government of NCT of Delhi without any loss of time and efforts by the Departments, and in getting the best prices for the scrap material lying in different Departments and different sites. They would act as Selling Agent for disposal of all items by way of e-auction over the Internet through www.mstcecommerce.com. They would arrange publicity for disposal through e-auctions by way of occasional advertisement in leading dailies/newspapers/websites and other Internet tools. In addition, their system shall notify, automatically, to all the buyers who are registered with the auction website i.e. www.mstcecommerce.com regarding all the forthcoming e-auctions specifying therein all relevant details about the materials/lot/date and time of opening and closing of auctions etc. The guidelines are prescribed in Annexure-I, the procedure for e-auction through MSTC Ltd. is prescribed in Annexure-II and the standard terms and conditions for e-auction are prescribed in Annexure-III. A blank online Seller Registration form is enclosed as Annexure-IV for ready reference.

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All the Departments of Government of NCT of Delhi are requested to provide M/s MSTC Ltd. with the list of obsolete/surplus/unserviceable materials with detailed specifications and description, location, quantity, quality, etc. so as to enable them to take action for the disposal of surplus or obsolete or unserviceable articles by way of e-auction over the Internet through www.mstcecommerce.com.

All the Head of Departments are requested to nominate one Nodal Officer on Zonal/District basis to deal with MSTC officials, for ensuring smooth disposal and other operational works. The name, contact number and e-mail of the Nodal Officers may be communicated to MSTC, so that they may be able to give training/presentation on account of e-auction by MSTC.

All the Heads of Departments are further requested to register their respective Department with Department of Trade & Taxes and obtain TIN/TAN number so that they may be able to register online.

(J.L. Singh),
Pr. Secretary (Finance).

1. All Pr. Secretaries/Secretaries/
Heads of Departments of
Government of NCT of Delhi.

2. The Regional Manager,
MSTC Ltd., Jeevan Vikas Building,
30-31-A, Asaf Ali Road,
New Delhi.

ANNEXURE-I

Guidelines to be followed by the Departments of Government of NCT of Delhi with regard to Disposal of scrap material through MSTC Ltd, New Delhi.

1. Each Department has to nominate one Nodal Officer on Zonal/District basis to deal with MSTC officials, for ensuring smooth disposal and other operational works.
2. You can contact the following officials of MSTC, Ltd, at 30/31-A, Asaf Ali Road, Jeevan Vikas Building First Floor (Opposite Hamdard), New Delhi for further assistance and guidance:
 - Regional Manager Shri S K Kaul ----- 011-23220578
(skkaul@mstcindia.co.in)
 - Sr. Manager Shri B S Saini ----- 011-23211679
(bsaini@mstcindia.co.in)
 - Dy. Manager Smt Shalini Bhatti ----- 011-32084151
(shbhatti@mstcindia.co.in)
3. The procedure to be adopted would be as under:
 - Consolidated and homogeneously bifurcated lists, on Zonal/District basis e.g., Health/Education/Hospitals, other departments and various autonomous bodies, may be submitted with MSTC Ltd, New Delhi.
 - Registration as Seller will have to be done on a Zonal/District basis on www.mstcecommerce.com or any other way, so that material can be sold by way of e-auction, in a smooth and prompt manner.
 - Each Department should have a Combined/Single Registration for the disposal of their department's scrap and other materials. For example Registration on portal www.mstcecommerce.com, can be done as –

MSTC/Govt. of NCT Delhi/Health/West Zone or so,
MSTC/Govt. of NCT Delhi/Education/East Zone or so.

Or whatever method is mutually agreed between Govt. of NCT Delhi & MSTC Ltd, New Delhi.

- The detailed procedure along with Standard Terms and Conditions for each e-auction to be followed are enclosed as Annexure-II & Annexure-III.
- In Seller Registration as well as intimation for disposal of material to MSTC Ltd, the various departments need to be advised for specifying the details in favour of whom the payments from the highest bidders will need to be taken by MSTC Ltd. This is mandatory to avoid complication/confusion at a later date. E.g. in the name of DDO of Pr. Accounts Office or Education (Zone-wise/District-wise) or M.S., respective HOSPITAL, NEW DELHI etc.

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- The bid value is exclusive of Sale Tax and TCS, which will have to be collected by the units/departments before effecting delivery to the party. Alternatively, the rates may be provided to MSTC along with the VAT applicable on the material to be disposed of, so that the same can be uploaded from our end prior to bidding for the material.
- The TIN & TAN no. is to be submitted online at or portal www.mstcecommerce.com so that the Sale Orders and Delivery Orders issued contain the correct details, for later use by Govt. of NCT Delhi/MSTC Ltd and the highest bidder.
- A blank online Seller Registration form is enclosed as Annexure-IV for ready reference and usage of the various departments.

ANNEXURE-II

PROCEDURE FOR E-AUCTION THROUGH MSTC LTD, NEW DELHI

A detailed procedure for e-auction

1. Please REGISTER on the website www.mstcecommerce.com. On this page a green box will be seen with the words REGISTER. On clicking on this box, there will be an option for registration for scrap and others and another for Coal. Please select scrap and others. You are required to click on REGISTER AS SELLER box. Another page of SELLER SPECIFIC TERMS AND CONDITIONS will then be seen on your screen. You are required to AGREE on the box provided at the end of the page. SELLER'S REGISTRATION PAGE will appear then. You may please fill up this page as per the requirement, and SUBMIT. On successful submission, you will see a box saying that your registration is successful, and immediately, a mail will be received on your mail id stating that you have been successfully registered on MSTC site.
2. Once registration from your end is done, MSTC will immediately start the process of disposal. The e-auction on your behalf will be held in around three to four weeks time. Firstly, the e-auction catalogue will be hosted on the site, which may be seen by you, prospective customers and MSTC. A default mail will also be automatically sent to you stating that auction has been hosted on your behalf. You are requested check the details of the catalogue, and in case of any error or amendment, same may immediately be brought to our notice for correction.
3. The catalogue will specify the dates on which the prospective bidders may be allowed to inspect the material, and you may allow the inspection accordingly.
4. At least one working day before the scheduled e-auction date, you will be required to enter the RESERVE PRICE on the site through the USER ID and PASSWORD created by you at the time of registration. This would have been self-generated at the time of filling in the details as per Sl. No. 1.
5. The STA (Subject To Approval) Column is also to be submitted online along with the Reserve Price. The STA percentage (%) is that value like 5 or 10, which is to be put, so that any lot which is lesser than the Reserve Price upto the filled percentage, does not get out rightly rejected. The decision on STA approval/rejection is to be taken preferably within 3 working days. This column is important, to avoid rejection of lots/material with narrow margins from the reserve price fixed and fed in the system by the department. The reserve price access is available only to the seller with valid ID & password.

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6. The e-auction will be held at the scheduled date and time, and can be seen live after logging on to the e-auction site www.mstcecommerce.com. The e-auction will be visible to the customer, the Seller and MSTC. While the customer can enter their rates, Seller and MSTC can only view the same. During the auction, only the highest rate received at that point of time can be seen by all. The customer is required to give a higher rate than the one that is seen on the screen. During the entire auction process the identity of the bidder (customer) or the place of bidding is not known to anybody, be it the customer, the Seller of MSTC. The auction will automatically close when bidding for all the lots is over.
7. On closure of the auction, mails are automatically sent to all the highest bidders, for lots on SOLD/STA basis, on their email Ids already registered with MSTC portal. The mail states that EMD is to be submitted within seven days of closure of the auction.
8. On receipt of the EMD, sale order is issued by MSTC, and a copy of the sale order along with the EMD is forwarded to you through Speed Post. The customer is required to make the balance payment within 15 days or as per the e-auction terms and conditions. On receipt of balance payment, Delivery Order is issued and payment is forwarded to the unit with a copy of the delivery order. Delivery is to be given on encashment/realization of full payment including the Sale Tax & TCS and after proper verification of the bidder's MSTC e-auction I-card.
9. On closure of the auction, the final result of the e-auction held can be viewed by downloading the BIDSHEET after logging on to the site www.mstcecommerce.com and clicking on the link BIDSHEET.
10. We would request you to register on the site immediately, so that we can serve you with the best, most efficient and prompt mode of disposal.

In case of any further quires, you may contact MSTC Ltd, New Delhi on:

- Regional Manager Shri S K Kaul --- 011-23220578 (skkaul@mstcindia.co.in)
- Sr Manager Shri B S Saini ---- 011-23211679 (bsaini@mstcindia.co.in)
- Dy Manager Smt Shalini Bhatti --- 011-32084151 (snbhatti@mstcindia.co.in)

(Contd.....P/3)

Regarding: STA (Subject to Approval)

STA (Subject to Approval): In e-Auction once a lot is rejected out rightly that cannot be sold in that particular e-auction and the procedure for advertisement and publicity has to be undertaken again. Hence, there is an option for STA%.

STA% is basically a bracket that can be put in the system prior to e-auction commencement. The system will calculate at what variation, below the Reserve Price, the material can be considered for sale by the principal, even after the closure of e-auction.

For example, if a reserve price of an item is Rs. 100/- and the STA% is given as 30, system will automatically accept the H1 rate of Rs. 100/- or above. If the H1 is below the reserve price but within the range of 30%, i.e. Rs. 70/-, the material will fall under STA category. The STA rate has to be approved/rejected by the Principal.

If the STA% is not uploaded in the system, the rate will be out-rightly rejected by the system be it even Re.1/- below the Reserve Price.

The STA% option is provided to Principal for the situation where the rate received is marginally below the Reserve Price. The unit would like to sell the material due to various reasons:

1. There is depreciation or deteriorating in the condition of the material.
2. Large space is occupied by the material, hence requires immediate disposal.
3. Rate of material may fall due to volatile market and thereby chances of getting better price are bleak.

So selling at lower price means immediate revenue generation and further delay may lead to occupation of space and uncertainty of sale in the next e-auction.

The reserve price to be fixed by the respective units, should be kept confidential and uploaded in the system through the password of the Authorized persons. It may be in tune with the market conditions.

ANNEXURE-III**STANDARD TERMS AND CONDITIONS FOR E-AUCTION THROUGH
MSTC LTD. NEW DELHI**

- 1) MSTC Ltd. Shall hereinafter be referred to as MSTC and Govt of N.C.T of Delhi as owners.
- 2) All the offers shall be valid for a period of 60 days from the date of closing of e-auction.
- 3) All the materials are offered for sale on AS IS WHERE IS basis and where they are stacked. Material are sold on the assumption that bidders have inspected the same and know what they are buying, irrespective of whether they have first inspected the materials or not. No complaint shall be entertained in this regard. The material offered for sale can be inspected prior to due date of e-auction. For inspection of material & other related matters, bidders may contact _____.
- 4) The successful bidders shall submit Earnest Money Deposit by Bank Draft/ Pay order of any scheduled bank payable at New Delhi in favour of _____ within seven days of confirmation of bid i.e. close of e-auction, whether on SOLD/STA basis. The EMD must be @ 10% of the net sale value quoted (excluding all taxes & duties) against each lot. Upon issue of sale order the EMD shall automatically be converted into security deposit. The security Deposit as specified in Sale order shall be adjusted only at the time of final payment.
- 5) The period of contract shall be sixty (60) days from the date of last delivery order by MSTC against full payment made by the party. The contracts shall be deemed to be complete as soon as the area is cleared of the entire material allotted or on completion of the period of contract as mentioned above, whichever is earlier.
- 6) All the materials are offered for sale on AS IS WHERE IS basis Ex-works owners. The rates must be offered **ON UNIT BASIS FOR EACH LOT SEPARATELY NOT PART THEREOF** i.e. in Rupees per unit only.
- 6.1) The quantities indicated against the lot are purely indicative subject to a variation of (+) or (-) 20%. In the event of quantity turning out to be more than the estimated quantity and within the range of (+) 20% variation, the buyer has to lift the entire material and clear the site after making the required payment. In the event of actual quantity turning out to be less than the estimated quantity, the buyer shall not be entitled to claim any damages, loss of interest or compensation on this ground except the refund of material value for that much quantity from the Govt of NCT of Delhi. The amount of VAT & TCS pertaining to such undelivered material shall not be refunded and required to be claimed by the buyer from the respective departments only.

(contd.....P/2)

- 7) The rates must be quoted exclusive of all taxes, duties and other levies etc. The present rates of VAT (Value Added Tax) for various lots are indicated in the list of items. However, the rate of VAT prevailing at the time of making payment shall be applicable. "C form" or any other declaration forms for availing concessional rate of Sales Tax/VAT shall be accepted. In case Central/Delhi Government imposes any other levy/ duties etc., the same shall have to be borne by the buyer.
- 8) Bidder shall submit his/their Income Tax clearance certificate (latest), partnership deed of organizations and when demanded by MSTC/ owners.
- 9) The Bidders/customers' workmen shall have to abide by the rules & regulation including safety & security regulation of the relevant statutory acts. Entry inside the works/stores should only be against Gate Pass for the men and equipment for which purchaser will have to apply well in advance before lifting commences.
- 10) The purchaser shall ensure that his workmen do not loiter around within the stores area of Govt. NCT of Delhi. They shall not touch any material except the material shown to them. If any of his workmen is even found violating these restrictions, the purchaser shall be responsible for making good the loss to the owners on which their decision shall be final and binding.

11.1) Payment Terms:

- i) The cost of each lot of material along with all taxes and duties must be paid at MSTC by the buyer in equal installments as per table given below:

Net sale value (excluding of taxes/ Duties) for each lot	No. of installments	Payment period counted from date of letter of acceptance (including date of issue)
Up to & including Rs. 25 lacs.	1	15 days
Over Rs. 25 lacs and up to Rs. 50 lacs.	2	Total 30 days
Above Rs. 50 lacs.	3	Total 45 days

- ii) First Installment must be paid within 15 days from the date of acceptance letter by MSTC (including the date of issue) and subsequent installments, if any, to be paid as per table above or as specified in Sale order. The bidder will have to deposit the Net sale value (excluding taxes/duties) for each lot through Bank draft/ pay order in favour of the _____. The payment of Taxes and duties for each lot shall be paid by the bidder through Bank draft/ pay order in favour of the concerned Accounting Authority for the respective Store In-charge of Govt. of NCT of Delhi. The payment of Taxes and duties can also be deposited with the concerned Officer of Govt. of NCT of Delhi.

(Contd.....P/3)

- iii) For any delay in making payment within the time limit specified, the due payment be made together with late penalty @ 1% per week or part thereof on the due amount for the period of delay within 14 days from the due date. However, Principal or MSTC (in consultation with principal) reserves the right not to accept the payment with or without the late penalty after expiry of the above mentioned time limits or even within the aforesaid additional period of 14 days, at Principal /MSTC's (in consultation with principal) sole discretion and in such an event the sale of the lot will be automatically cancelled and the Earnest Money / Security Deposit (as the case may be) will automatically stand forfeited.
- 11.2) Lifting Period: Material to be lifted by the buyer by employing their own labour and transport at their own cost within 30 days from the date of Delivery Order including date of issue.
- 11.3) Ground Rent: If the successful Bidder is unable to lift the material within stipulated period as specified in the delivery order/ SRO, he can request the concerned Store In charge, in writing, to allow him to lift the material, as a special case, after paying ground rent in advance up to 14 days @ 1% per week or part thereof on the balance unlifted material value. Tax amount once deposited with the Government Exchequer/VAT Authorities will not be refunded.
- 11.4) Customers are required to lift the material completely on clean sweep basis as to clear site failing which ground rent as applicable will be charged. Quantity indicated in the catalogue is only estimated quantity and Govt. of NCT of Delhi/MSTC shall not compensate for any loss & damages if the actual quantity is less than estimated quantity.
- 11.5) The delivery will be given by a delivery committee to be constituted as per Govt. of NCT of Delhi's procedure. The Delivery shall be made in the joint presence of the Purchaser and the Delivery Committee of the Govt. of NCT of Delhi.
12. The provisions of section 206C of Income Tax Act, 1961 will apply to the sale. As per present rate of Income Tax the buyers are required to deposit Income Tax @ 1% of sale Value including VAT and 10% surcharge thereon. Apart from this an educational cess @ 3% of total amount of Income Tax and Surcharge shall also be payable. Any revision in Tax shall be to the buyer's accounts. Govt. of NCT of Delhi shall accept no declaration towards rebate/exemption from payment of Income Tax. In case of the buyers are having exemption from payment of Income Tax, they are advised to claim refund/adjustment of the same through their annual Income Tax return. However, the concerned Accounting unit shall issue a certificate regarding payment of Income Tax by the buyer.

(Contd.....P/4)

- 13) Cutting allowance: While lifting of sold materials if it is felt necessary by the buyer to cut some of the materials of the lot by Gas cutting/welding for ease of handling of material, loading in trucks/ transportation etc. then a cutting allowance (wastage) @ 2% of the weight of the material which was cut shall be deducted i.e. 98% of the quantity will be delivered to the buyer or the buyer has to deposit additional value of this 2% quantity as cutting allowance with the concerned Store In-charge. In this regard decision of the In-charge of Store shall be final and acceptance to the buyer. However, cutting allowance shall not be applicable if the materials are broken/cut by chisel and hammer or hacksaw. This condition shall be applicable for the lots sold on unit weight basis.
- 14) Hazardous waste: The scrap materials/ items which comes under the category of Hazardous Waste as per Hazardous waste (Management & Handling) Act 1989 and Amendment Rule 2002 & 2003 shall be sold only to those buyers who are Registered with Ministry of Environment & Forest, GOI/Central Pollution & Control Board.
- 15) Payment towards materials value and other dues is to be made as stipulated in Sale Order-cum-acceptance letter. If there is a default in payment as per Terms of the Sale order-cum-Acceptance letter, the Security deposit mentioned therein will stand forfeited automatically without any further notice.
- 16) The material of the lots will be delivered by Govt. of NCT of Delhi on actual weight/quantity/Number(s) as stated in the lot description.
- 17) MSTC/Govt. of NCT of Delhi reserves the right to call all the eligible bidder (s) for revised bid along with requisite EMD for any lot.
- 18) **NOTE: BUYERS HAVE TO INSPECT THE MATERIAL THOROUGHLY AND SATISFY THEMSELVES ABOUT THE NATURE, HAZARDOUS/EXPLOSIVE PROPERTIES, IF ANY, BEFORE SUBMITTING THE BID. IN CASE THEY COME ACROSS ANY MATERIAL BEYOND THE SCOPE OF THE DESCRIPTION OF MATERIAL, IT SHOULD BE INFORMED TO SELLER/MSTC LTD. MSTC WILL NOT BE RESPONSIBLE FOR ANY COMPLAINT IN THE REGARD.**
- 19) **NOTE: PAYMENT CLAUSE:** In case the date of submission of payment happens to fall on a Public Holiday, the next day shall be considered as the date of submission of payment.
- 20) **THE e-AUCTION CATALOGUE ON THE LIVE E-AUCTION FLOOR SHOULD BE TREATED AS FINAL AND BINDING.**

ANNEXURE-IV

MSTC LIMITED (A GOVT. OF INDIA ENTERPRISE)

Home About us Contact us Help
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mstc auction

Seller's Registration Form
(All * fields are mandatory)

Company*			
Address			
Street*			
City*			
Pin*			
State/Union Ter.	-----select state-----		
Country*	INDIA		
Location*			
E Mail*			
Phone*			
Fax			
Preferred User ID*	Click to check UserID		
Password*			
Confirm Password*			
Sales Tax Registered	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	
Sales Tax Reg. No.			
Payment In			

Administrative Contact Address:		
Contact Person*		
Designation*		
Department*		
Street*		
City*		
Pin*		
Country*	INDIA	
Billing Contact Address		
<input type="checkbox"/> If Billing Contact same as Administrative Contact Check Here		
Billing Contact*		
Designation*		
Department*		
Street*		
City*		
Pin*		
Country*	INDIA	
Comments		
Register As*	<input checked="" type="checkbox"/> Independent	<input type="checkbox"/> Multi User
Reset		