

SOP ON CONDEMNATION & AUCTION OF STORES

Gen

1. Ref Lgs Manual 2005.
2. The SOP for condemnation and auction of eqpts and stores of NCC Bns will be as per procedures enumerated in Chapter 2 of Lgs Manual 2005 as well as Gen Financial Rules of Govt of India 2005. Basic provisions are enumerated in succeeding paras.

Condemnation

3. Stores/Eqpt

- (a) Unit cdrs are resp for periodical condemnation of the following stores and eqpts held on their charge in the Condemnation items ledger:-
 - (i) Steel Helmet.
 - (ii) All items of NCC procured as one time requirement.
 - (iii) Items of Ordnance origin.
- (b) The condemnation bd will be resp to condition /condemn only those items listed in the Condemnation items ledger. The following items will not be conditioned/condemned by the bd:-
 - (i) Retention / Life Cycle clothing items.
 - (ii) Items that fall under EME responsibility for inspection/ repair except Ordnance issued tools and accessories of vehicles .

4. Frequency & Composn of Bd of Offrs Condemnation Board will be ordered by the Gp HQ once a year in the month of May. Based on availability of Ordnance rep, the bd will assemble at respective Bn locs. Composition of the bd will be as given in Para 21 of Lgs Manual as under:-

- (a) Presiding Offr – OC of the NCC Unit
- (b) Members - ANO
- One JCO/ WO /WLTO /GCI as applicable
- (c) In Attendance - Ord Rep detailed by the Dte.

5. The Proceedings of the bd of offr will express opinion on indi items stating whether the change in condition is due to fair wear and tear would be condemned. Items found fit for further use affair repair, will be repaired at the expense of Central Govt under relevant budget head. Any case of excessive condemnation will be brought to the notice of ADG, NCC Dte by the Ordance representative attending by the bd. The condemnation proceedings will be produced for audit by the LAO annually.
6. The percentage of condemned articles to be retained for repair purposes should not exceed 10% of the articles condemned . The bd proceedings duly signed bty the bd of offr and Ord rep will be countersigned by the Gp Cdr and forwarded to the Dte for approval by the Director as per para 23 of Lgs Manual 2005. Other issues regarding condemnation are as under:-
 - (a) The dates of last condemnation and disposal of condemned articles will be specified in IAD 931.
 - (b) Subsequent condemnation bds will not be held until articles condemned in the previous bd have been disposed off.
 - (c) The Ord representative will offer technical advise on each item produced for condemnation. These items will be fwd to the Dte for inspection by the ADG who will give the final decision on the difference of opinion.
 - (d) In NCC, condemnation is not linked to demand and subsequent supply; unlike in the Army. Most of the condemnable stores and eqpt are one time issue and hence, utmost discretion should be exercised at Unit level to condemn and dispose off stores and eqpt.
 - (e) All items declared unserviceable, whether due to fair wear and tear or otherwise, will be marked with a special stamp by the Ord rep attending the bd.

Disposal of Conditioned Articles

7. All condemned items will be disposed off as under:-
 - (a) Items issued directly from Ordnance Depots (OD) will be deposited in salvage of concerned OD.
 - (b) Items procured and provided ex trade will be disposed off through Auction as per procedures enumerated in Lgs Manual 2005 and Rule 199 of GFR 2005.
8. Bd of Offrs for Disposal Public auction will be organized and supervised at the level of respective Gp HQs and Gp C drs will be resp for the same. The Bd of offr for conducting auction will be detailed in the month of October annually as per para 22 of Lgs Manual 2005 and the composition will be as under:-
 - (a) Presiding Offr – An offr of Lt Col or above to be detailed by NCC Dte.
 - (b) Members - One offr to be detailed by respective Gp HQs.
- One JCO to be detailed by respective Gp HQs.

9. Items For Auction

- (a) Unserviceable items condemned during condemnation boards.
- (b) Life cycle clothing whose prescribed life has expired and record maintained in Life Cycle Clothing Ledger as per procedures prescribed in Chapter 2 of Lgs Manual Paras 18 and 24. Certificate to the effect will be obtained from OsC of each NCC Bn while pooling in the file cycle items as enumerated in Para 25 of Chapter 2 of Lgs Manual 2005.

10. Verification

The bd of offrs will verify the following before deciding on the items to be produced for auction :-

- (a) Peruse the condemnation bd proceeding for correctness including approval of the proceedings at the Dte.
- (b) Only unserviceable items will be auctioned.
- (c) Certificate from OsC units regarding verification of the records of life expiry of Life Cycle clo.
- (d) Verify copy of unit return to SHDC as enumerated in para 24 (d) of Chapter 2 of Lgs Manual 2005 indicating wastage.

11. Procedure Only those items that meet all the criteria above will be considered for auction. The basic principles to be followed for auction are to ensure transparency, competition, fairness and elimination of discrimination in the best interest of the State. To provide wide publicity regarding the auction, the details like auction plan, venue, time, types of items to be auctioned, applicable terms and conditions etc will be advertised in the News Papers. Basic steps to be adopted thereafter will be as under:-

- (a) Fixing of base price. LAO may be consulted at this stage to seek concurrence.
- (b) Assemble the bidders on advertised date and time in the presence of bd of offrs.
- (c) Announce/ read out terms and conditions and details of goods to be auctioned etc to the assembled bidders.
- (d) Open the bidding at base price onwards.
- (e) During the auction process, acceptance or rejection of a bid should be announced immediately on the stroke of the hammer.
- (f) If a bid is accepted, earnest money (not less than 25% 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 NCC Gp HQs.

- (g) Preparation of bid proceedings showing the bidding process in detail.
 - (h) Verification and Countersignature of the bid proceedings by the Gp Cdr.
 - (j) Handover the goods to the successful bidder only after receiving balance payment.
 - (k) Deposit the sale proceeds in the Govt Treasury by means of MRO under Def Services Estimate Maj Head 2076 Minor Head 113- NCC.
 - (l) Process all the documents along with Bid proceedings and copy of MRO under the Dte for approval by the Director as per Para 23 Chapter 2 of Lgs Manual 2005.
 - (m) The documents will be returned to the Gp HQs thereafter and be produced for audit by the LAO.
12. In case the auction process fails to take off due to lack of bidding at the base price, then disposal of the unserviceable items through Advertised tender prior to Auction process mentioned above may be explored. The procedure to be adopted as enumerated in Rule 198 of GFR 2005 is as under:-
- (a) Preparation of bidding docs.
 - (b) Invitation of tender through advertised tender enquiry.
 - (c) Opening of bids.
 - (d) Analysis and evaluation of the bids and preparation of comparative statements.
 - (e) Selection of highest responsive bidder.
 - (f) Price negotiation with the vendor to fix a base value. LAO/ local CDA reps may be consulted at this stage to concur on the new base price.
 - (g) Further auction may be undertaken as per procedures enumerated in para 12 above.

Conclusion

13. Condemnation and Auction should be closely monitored at the Gp HQ level to avoid loss to the State and to prevent malpractice. Subsequent condemnation should only be undertaken after the disposal actions of the previous condemnation bid is completed.