

MANUAL FOR WRITE OFF AND DISPOSAL



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1. Preamble

An item / store may be declared obsolete or unserviceable, if the same is of no use to the Institute or when the item is beyond economical repair. Under such circumstances, the store may be disposed as per the procedure of write off and disposal outlined in this manual.

2. CLASSIFICATION OF STORES

All stores procured shall be classified into the following categories:

(A) Non-Consumable Stores (NCS)

NCS includes the following:

- (i) Stores which are intended to be used over prolonged periods before becoming unusable / unserviceable / beyond economic repair or obsolete.
- (ii) Stores having a significant disposal value.
- (iii) Stores which are sub-systems or parts of an equipment, which can be potentially repaired and reused.
- (iv) Stores which are either fabricated or assembled equipment, or which if bought as a single item would have been classified as Non-Consumable Stores.
- (v) Stores which have significant value when purchased but rapidly lose their value / relevance with the lapse of time and have very little or negligible disposal value.
- (vi) Stores which can be upgraded either by replacing components / parts or which can be rendered obsolete by the release of new versions or editions.

NCS shall be classified into the following categories:

a) Permanent Assets (PA)

Stores which satisfy any one of the following conditions will be classified as PA:

- (i) Stores which are intended to be used over prolonged periods (five years or more) before becoming unusable or obsolete.
- (ii) Stores having a disposable value.
- (iii) Stores which are sub-systems, or parts of an equipment, which can be potentially repaired and reused.

- (iv) Stores which are either fabricated, or assembled equipment, and which if bought as a single item would have been classified Non-Consumable Stores.

Examples: plant machinery, equipment, fabricated equipment, instruments, assembled instruments, motors, gas cylinder, workshop machines, furniture, etc. (examples are only indicative and not exhaustive).

b) Limited Time Assets (LTA)

Stores which satisfy any one of the following conditions will be classified as LTA:

- (i) Stores costing any amount and having useful life of less than five years which rapidly lose their value / relevance with time or have very little or negligible disposal value.
- (ii) Stores which can be upgraded either by replacing components / parts or which can be rendered obsolete by the release of new versions or editions.
- (iii) Stores which can be used over any period of time but costing less than Rs.10000/- excluding office furniture and fixtures.

Examples: Computers, laptops and other peripherals like computer accessories, software, printers, monitors, UPS, telephones, mobiles etc. (examples are only indicative and not exhaustive).

(B) Consumable Stores (CS)

CS include the following:

- (i) Stores which exhaust with lapse of time.
- (ii) Stores which are rendered unusable due to normal wear and tear.
- (iii) Stores which do not have significant disposal value.
- (iv) Spares of equipment which do not fall in the NCS category.

Examples: Chemicals, stationery items, printer cartridges, electronic storage media like Pen drives etc, computer parts requiring replacement such as the mother board, RAM, hard disc etc. Batteries of any kind (like UPS, Laptops, mobiles, portable instruments etc.) electronic components like resistors, capacitors, connectors, electrical wires, plugs switches, tool bits and hand tools etc. (examples are only indicative and not exhaustive).

3. CONSTITUTION OF STORES SURVEY COMMITTEE (SSC)

The HoS / HoD shall constitute a Stores Survey Committee (SSC) of not less than three faculty members / Group A Officers. The SSC shall inspect/ survey the PA and LTA stores and recommend write off and disposal.

4. WRITE-OFF AND DISPOSAL

4.1 Permanent Assets (PA)

The SSC shall inspect / survey the PA stores and recommend write off of those items which are ordinarily more than five years old and are obsolete, unserviceable, beyond economical repair and not usable at all. The Committee shall record the specific reasons against each item costing more than Rs.50,000/- while recommending the write-off.

4.1.1 Modes of Disposal of PA

Beyond Economic Repair (BER)

Beyond Economic Repair (BER) refers to a situation where the estimated cost of repairing an item, including the cost of necessary parts, labour, and other associated expenses, is considered uneconomical in comparison with the item's current value, replacement cost, or the benefit likely to be derived from the repair, thereby making the repair financially impractical.

The disposal procedure for assets under the PA category shall be as follows:

(a) If residual value of obsolete/unserviceable or surplus goods/equipment, etc. has been assessed to Rs. 2.0 lakh or more, the same should be disposed-off upon the recommendation of the Standing Disposal and Write-Off Committee (SDWC) and approval of the Competent Authority of the Institute by obtaining bids through advertised tender by MSTC Ltd. Or GEM(if provision exists).

(b) If, in the opinion of the SDWC, the residual value of such item is less than Rs. 2.00 lakh then the same can be disposed of by the HoS by any of the following:

(i) Inviting limited tender.

(ii) Fixing its nominal value exclusively for staff members on 'first come first serve basis'.

(iii) Donation to some other Govt., Semi-Govt., Local Govt. agencies or to a registered - Govt. aided NGO or Charitable Trust.

Amount collected will be deposited to F&A Section.

4.2 Limited Time Assets (LTA)

The procedure for disposal of assets under the LTA category needs to be different and simple as compared to the assets under the PA category. Such assets are to be disposed of after following simplified procedure on completion of the stipulated life time.

4.2.1 Modes of Disposal of LTA

The disposal procedure for assets under the LTA category shall be as follows:

(i) At the end of the 5-year period (life classified for LTA category items), the Schools / Departments / Sections / Centres may initiate a note duly signed by the three Faculty Members / Group A Officers requesting through the Head of the School / Department / Section for disposal and deletion of these items from the LTA register.

(ii) In case the faculty / staff member would like to retain such LTA items after 5 years of use, they may do so by paying 5 % of the purchase value of the item.

(iii) The LTA after having used for 5 years may be given to an NGO, Govt. body, Academic Institute as a donation.

(iv) For all cases as mentioned in (ii) and (iii), the item shall be considered as disposed off and written-off from the inventory.

(v) Physical disposal of goods: The LTA items in a School / Department / Section / Centre may be disposed of by the Head upon the recommendation of the SSC. The amount collected, if any, shall be deposited in the Main Account of the Institute.

5. Write-off of goods / equipment / items, etc. due to 'Abnormal Loss/ Theft'

a) Any abnormal loss / theft of stores of the Institute irrespective of the causes of loss and manner of detection, shall be immediately reported to the next higher authority.

b) Cases involving serious irregularities shall be brought to the notice of the Registrar.

c) Report of loss contemplated in (a) and (b) above shall be made as given below:

(i) An initial report with the security officer should be made as soon as a suspicion arises that a loss has taken place.

(ii) A report should be sent to the Registrar after investigation indicating nature and extent of loss or theft.

(iii) The Registrar may, after examining the said report, may take appropriate legal actions through Security Officer and/or submit the case to the Director for his consideration to write off the loss.

6. Buy Back of Assets

In case of purchase of assets under buy-back arrangement, the old asset to be exchanged will be treated as written off with its book value and its disposal value so fixed / agreed upon by SSC/SDWC will be taken as income (receipt) of the Institute. However, actual payment for the new asset will be made by deducting value of buy-back from the billing amount of the new asset.

In order to ensure proper accounting of buy-back value, following procedure may be adhered to:

i) The purchase requisition should be raised on gross amount of the new item / equipment / material without taking into consideration the buy-back value of old item / equipment / material since the amount realized on account of buy-back value of old item is to be treated as receipt (income) of the Institute.

ii) Gross value of the new item / equipment / material should be committed on account of expenditure to be incurred on procurement of item(s).

iii) The pass order for the gross amount of the item / equipment / material should be recorded on back of the bill(s).

iv) Approval of competent authority should be obtained based upon the gross value / cost of item(s) without reducing the buy-back value of the old item(s) from the gross / actual cost of the new item(s).

v) The buy-back value of old item(s) **should not** be received directly in any form from the vendor(s).

vi) The buy-back value / cost of old item(s) should not be considered as the part of budget of schools/sections/units.

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