

PART II

**RESTRUCTURING OF THE
FUNCTIONS, ACTIVITIES
AND STRUCTURES
OF THE
DEPARTMENT OF SUPPLY**

RESTRUCTURING OF THE FUNCTIONS, ACTIVITIES AND STRUCTURE OF THE DEPARTMENT OF SUPPLY

CONTENTS

Sl.No.		Page
1	Summary of Recommendations	161-163
2	Introduction	164
3	Department of Supply	164-168
4	DGS&D	168-180
5	National Test House	180-184
6	Chief Controller of Accounts	184-186
7	Recommendations	186

ANNEXES

ANNEXE-I	Note on the abolition of Department of Supply on the basis of the recommendations of the Group of Secretaries
ANNEXE-II	Notional savings for some important rate contract items
ANNEXE-III	Statement showing Revenue and Expenditure (non-plan unless stated) for DOS (Sectt.), DGS&D, NTH & CCA
ANNEXE-IV	Staff Strength of DGS&D at Mumbai
ANNEXE-V	Staff Strength of DGS&D at Kolkata
ANNEXE-VI	Staff requirement as assessed by SIU for DDO functions

Summary of Recommendations

1. Department of Supply:

- i) Government has already issued orders *inter alia* for the abolition of the Department of Supply and vesting the functions hitherto discharged by this department in the Ministry of Commerce; abolition of the office of the CCA; and also for transferring the National Test House to the Bureau of Industrial Standards in the Ministry of Consumer Affairs. The DG, DGS&D is also to function as *ex-officio* Additional Secretary in the Ministry of Commerce.

In the chapter on the DGS&D, it has been separately recommended that recruitment to both Indian Supply Service and Indian Inspection Service should be stopped. It follows that the task of managing these cadres should be vested with the DGS&D.

With the adoption of single file system for disposal of work relating to the DGS&D, the only items of work relating to the DGS&D required to be processed in the Ministry of Commerce would be:

- (a) Appointments of DG, Additional DG and DDG in the DGS&D.
 - (b) Vigilance cases pertaining to them and
 - (c) Finalisation of rate contracts over and above the powers delegated to the DG (Rs. 5 crore)
- (ii) For performing the limited functions as enumerated above in the Ministry of Commerce it should be sufficient if, of the total staff strength of the Department of Supply, a complement of no more than 12 officials headed by a Joint Secretary is retained in the Ministry of Commerce.
 - (iii) Likewise, a small complement of staff of say no more than 6, headed by a Director/Deputy Secretary would need to be placed in the Ministry of Consumer Affairs for the administration of NTH which is being transferred to that organisation.
 - (iv) The three integrated finance wings, 'located' in the DGS&D, but 'borne' on the staff strength of the Department of Supply could be downsized from the present strength of 31 to 11.
 - (v) Thus, of the total sanctioned strength of 177, it would be necessary to retain 29 (12 in the Ministry of Commerce, 11 in the Finance wing of DGS&D and 6 in the Ministry of Consumer Affairs) and the remaining 148 posts surrendered.

2. Directorate General of Supplies and Disposals (DGS&D)

- (i) The total staff strength of the DGS&D has already come down to 2876 compared to 4513 as on 1.1.1992. With the abolition of the Centralised Payment Scheme and the recommendation separately made for stopping inspection work undertaken with inspection fees being obtained directly from the suppliers, the total staff strength could go down in the coming years. In line with this reduction in the total staff strength, the requirement of Indian Supply Service Officers and Indian Inspection Service Officers would also go down. Fresh recruitment to these services should therefore be stopped straightaway and the two cadres allowed to wither away. The management of both cadres could be vested in the DGS&D itself.
- (ii) Government has already decided that shipping clearance work now being undertaken by the DGS&D at the port towns of Mumbai, Kolkata and Chennai should be wound up. This decision will lead to 131 personnel being rendered surplus.
- (iii) Government has also decided that the Institute of Supply and Quality Management started in the DGS&D should be wound up. This Institute does not have any separate staff and is looked after by two officers from the headquarters and where necessary guest speakers are invited. The decision to wind up this Institute would not therefore result in any personnel becoming surplus.
- (iv) The two directorates at Mumbai should be merged. This will lead to 78 personnel (breakup in Annexe IV) being rendered surplus.
- (v) The Kolkata office needs to be downsized on the pattern existing in Chennai and now being recommended for Mumbai with the merger of two directorates. This will result in 90 staff (breakup in Annexe V) being rendered surplus.
- (vi) The practice of carrying out quality assurance inspections with fees paid by the suppliers should be stopped forthwith. The volume of such inspections, directly paid for by suppliers, accounts for over 10% of the present volume of inspection work now being carried out. This decision will result in nearly 120 staff at different levels in the quality assurance wing being rendered surplus.
- (vii) The DGS&D should function as a service organisation. While it need not aim at making a profit it should ensure that its expenditure is fully covered by the fees that it gets. Towards this end the DGS&D should be allowed, in fact encouraged, to provide rate contract and inspection services to

more organisations – be it other central government organisations, state governments, or even the private sector – which desire to avail of DGS&D service, but on the basis of direct payment of the requisite fees and without the centralised payment mechanism.

- (viii) The reduction in staff strength as recommended above (except item vii), which will be reflected in the staff strength of Department of Supply total upto 419. Taking the staff strength as assessed by the SIU i.e. 2765 as the basis, the changes suggested above will result in the total staff strength of this organisation coming down to 2346. In relation to the present sanctioned strength (3540), 1194 posts will be rendered surplus.

3. National Test House

- (i) Government has decided that the National Test House should be transferred to the Bureau of Indian Standards. Considering that there is considerable overlap of functions between the two bodies, it would be advisable, if, in the first instance, the NTH is placed directly under the Ministry of Consumer Affairs and the question of integrating the two, merging facilities and downsizing of staff strength gone into in detail.
- (ii) Clearly there is considerable under utilisation of the facilities created and also excess staffing. Pending a correct assessment there should therefore be a ban on further investments as well as on filling up of vacant posts, let alone adding to the staff strength.
- (iii) The revenue earned as a proportion of the total non-plan expenditure is quite low, being around 20%. Efforts should be made to aggressively market the testing facilities and also increase testing fees so as to maximise internal resources generation.

4. Chief Controller of Accounts

- (i) Government has already decided that the centralised payment system should be abolished. The SIU had in its assessment estimated a total staff complement requirement in the CCA's office at 325, as against the present sanctioned strength of 1036. This includes staff required for centralised payment work as well as for discharging drawing and disbursement functions. As what is proposed is only abolition of centralised payment system, a staff complement of 115 relating to the DDO functions as assessed by the SIU (Annexe VI) will have to be retained. As the DDO functions now extended cover both DGS&D and NTH, out of this 115 around 20 would have to be located in NTH (Ministry of Consumer Affairs) and the balance 95 in DGS&D (Ministry of Commerce). The remaining 921 positions, with reference to the sanctioned strength of 1036, would be rendered surplus.

Introduction

This report sets out the proposals for restructuring of the functions and activities of the Department of Supply, Directorate General of Supplies & Disposals (DGS&D), National Test House (NTH) and the Chief Controller of Accounts (CCA). Even as this report was under preparation government has, based on the recommendations of a Group of Secretaries, decided *inter alia* to abolish the Department of Supply, allocating to the Ministry of Commerce all functions allocated hitherto to this Department, disbanding the office of CCA, transferring the National Test House to the Bureau of Indian Standards (Ministry of Consumer Affairs) and winding up of the Institute of Supply and Quality Management as also shipping clearances work in the DGS&D. Even so, a comprehensive analysis of the activities and staff strength of the organisations to be abolished or activities to be wound up is presented in this report partly for record, and more importantly, as a small complement of staff part of the staff strength of the Department of Supply and the Office of the Chief Controller of Accounts would need to be continued for the reasons set out in the succeeding sections.

The details of the recommendations of the Group of Secretaries and the decisions taken thereon by government as also copies of the notification issued for making necessary amendments in the Government of India Allocation of Business Rules are given at Annexe-I.

Department of Supply

The Government of India (Allocation of Business Rules) as amended on 10th December, 1985 vested the following functions in the Department of Supply.

1. Purchase and/or inspection of stores for central government ministries/ departments including their attached and subordinate offices and union territories, other than the items of purchase and inspection of stores which are delegated to other authorities by general or special order.
2. Purchase and/or inspection of stores on behalf of those state governments, public undertakings, autonomous bodies, quasi public bodies, etc. who desire to avail of its services.
3. To arrange payment for supplies made against contracts placed by the department (DGS&D) on behalf of the authorities referred to in 1 and 2 above.
4. To arrange clearance of stores imported against orders placed by the department and also orders placed by the other central government departments, state governments, autonomous bodies, etc. if called upon to do so. To arrange shipment of stores against contracts placed by the department wherever necessary or where such work is entrusted to the

department by other authorities.

5. Disposal of surplus stores other than those for which powers have been delegated to various authorities by general or special order.
6. Testing and evaluation of materials, products, equipment and systems; research and development in testing technology and related areas; and calibration at the level of Echelon II and maintenance of test data etc.
7. Cadre management of Indian Supply Service and all matters pertaining to training, career planning and manpower planning for the said service.
8. Cadre management of Indian Inspection Service and all matters pertaining to training, career planning and manpower planning for the said service.
9. Administration of:-
 - (a) Directorate General of Supplies and Disposals, New Delhi.
 - (b) Office of the Chief Controller of Accounts, New Delhi.
 - (c) National Test House, Kolkata.

Department of Supply presently has a sanctioned staff strength of 177, with 31 gazetted and 146 non-gazetted officials. Out of these 172 are presently (May, 2000) in position. This includes the officers and staff of Internal Finance Wing, posted in DGS&D Headquarters and regional offices.

The work of the Department of Supply can be divided into four distinct compartments:

- (a) Those relating to itself:
 - (i) Matters relating to the budget and finance of Department of Supply.
 - (ii) Parliamentary work related to Department of Supply.
 - (iii) Control of establishment and administration.
 - (iv) Official language.
 - (v) Control of officers belonging to the Central Secretariat Service and other Services of Department of Supply.
- (b) Those relating to DGS&D:
 - (i) Purchase functions

Processing and obtaining approvals for purchases beyond the powers delegated to DG i.e. items in excess of Rs. 5 crore each. Those between Rs.5 crore to Rs. 10 crore each are disposed of by the secretary, while those above Rs. 10 crore each are submitted to the minister.

As per the estimated drawal figures of items on Rate Contract on 1.5.2000, the number of items requiring DOS's approval is 58 (23 upto Rs.10 crore and 35 above Rs. 10 crore). In such cases, all initial work i.e. invitation to tenders, evaluation of tenders, formulation of purchase proposals and obtaining the concurrence of Dy.Secretary (Internal Finance) and Director General is handled in the DGS&D. After such proposals are finalised then a summing up I.D. Note is sent to the Department of Supply, which in each case opens a separate file and with its own notings and obtains the approval of Secretary (Supply) and the Minister as required and conveys it to DGS&D in the form of I.D. Note. In such cases, Financial Adviser in the Department of Supply is always consulted. Examination in the DOS involves various levels in both Purchase and Finance Wing of DOS (Sectt).

(ii) Purchase Policy

The same procedure as above is followed. In addition, individual cases of even smaller values i.e. within the delegated purchase powers of DG are referred to the Department of Supply if a deviation from the standard policy is involved.

(iii) Other Functions:

- (a) Cadre control of the two central group 'A' services viz Indian Supply Service and Indian Inspection Service.
- (b) Formal administrative control of the decentralised Central Secretariat Services staff (CSS, CSCS and CSSS)
- (c) Vigilance.
- (d) Banning of business dealings with suppliers - Nodal Agency (only 1 firm has been banned in the last four years).
- (e) Parliamentary work.
- (f) Budget.
- (g) Official language.

(c) Those relating to CCA:

Department of Supply does not have any direct functional role to play either in the matter of performance or in the matter of staff. There is only a general supervisory control. However, the Secretary of Department of Supply is the Chief Accounting Authority for the discharge of accounting functions.

Matters relating to the budget, Parliamentary work, vigilance are, however, dealt in the normal manner. Vigilance functions are first attended to by a Controller of Accounts in the Office of CCA and then forwarded to the Department of Supply for further processing.

(d) Those relating to NTH:

(1) Executive Committee

This Committee is chaired by Secretary (Supply). This is a policy making body which takes decisions on administrative and financial matters.

(2) Technical Advisory Council:

This Council operates under the Chairmanship of DG, NTH with a representative from the Department of Supply. The main function of the Council is to advise in respect of procurement of sophisticated equipments for NTH.

(3) Cadre management of Group 'A' Scientists of NTH

(4) Control of Flexible Complementing Scheme for the Scientists of NTH.

(5) Processing of the budget proposals of NTH.

Budget estimates are prepared in NTH and then processed in DOS.

(6) Vigilance matters pertaining to NTH

Cases are first examined in NTH by a Scientist in the scale of Deputy Secretary.

Recommendations:

(i) Government has already *inter alia* issued orders for the abolition of the Department of Supply and vesting the functions hitherto discharged by this Department in the Ministry of Commerce; abolition of the office of the CCA; and also for transferring the National Test House to the Bureau of Industrial Standards in the Ministry of Consumer Affairs. The DG, DGS&D is also to function as ex-officio Additional Secretary in the Ministry of Commerce.

In the chapter on the DGS&D, it has been separately recommended that recruitment to both Indian Supply Service and Indian Inspection Service should be stopped. It follows that the task of managing these cadres should be vested with the DGS&D.

With the adoption of single file system for disposal of work relating to the DGS&D, the only items of work relating to the DGS&D required to be processed in the Ministry of Commerce would be:

(a) Appointments of DG, Additional DG and DDG in the DGS&D.

(b) Vigilance cases pertaining to them and

(c) Finalisation of rate contracts over and above the powers delegated to the DG (Rs. 5 crores)

(2) For performing the limited functions as enumerated above in the Ministry of Commerce it should be sufficient if of the total staff strength of the Department of Supply, a complement of no more than 12 officials headed by a Joint Secretary is retained in the Ministry of Commerce.

(3) Likewise, a small complement of staff of say no more than 6, headed by a Director/Deputy Secretary would need to be placed in the Ministry of Consumer Affairs for the administration of NTH which is being transferred to that organisation.

(4) The three integrated finance wings, located in the DGS&D, but based on the staff strength of the Department of Supply could be downsized from the present strength of 31 to 11.

(5) Thus, of the total sanctioned strength of 177, it would be necessary to retain 29 (12 in the Ministry of Commerce, 11 in the Finance wing of DGS&D and 6 in the Ministry of Consumer Affairs) and the remaining 148 posts surrendered.

Directorate General of Supplies & Disposals (DGS&D)

This office came into being in 1951 when the earlier Directorate General of Industries and Supplies was renamed as the Directorate General of Supplies & Disposals. Two Central Group 'A' Services viz. Indian Supply Service and Indian Inspection Service, were constituted in 1961. The recruitment to these services is through Combined Engineering Service Examination of the UPSC. The office functions through the officers of these services and group 'B' gazetted officers of Supply Wing and Quality Assurance Wing, supported by other technical and secretariat Staff.

Over the years, purchase functions were decentralised as under:

1974	Ministries of Defence, Railways and Posts and Telegraph authorised to make their own purchases for items exclusive to them.
1984	Scientific departments exempted from the purview of DGS&D.
1985	All civil departments delegated full powers to arrange disposal of surplus stores.
1991	Procurement of all adhoc requirements transferred to respective indenting ministries/departments along with agreed number of officers and staff from DGS&D(Supply Wing). Work relating to Rate Contracts for Petroleum, Oils and Lubricants for Defence and Railways was also transferred to these ministries. Inspection activity remained unaltered.
1999	Disposal activity in DGS&D wound up.

As per the orders for decentralisation of purchase work issued during 1991, the cadre of Indian Supply Service (Group 'A' and Group 'B') was, not to be reduced except to the extent of absorption of cadre officers in the Railways. The complete

cadre position as presently existed (May, 2000) in respect of Indian Supply Service (Group 'A' and Group 'B') is set out below:

	AD Gr.I	DD	DIR	DDG	ADG	AD Gr.II
Working in DGS&D including Regions	18	25	20	8	2	29
Posted in other Ministries	11	13	7	2	-	16
On deputation	4	9	1	1	-	-
Absorbed in Railways	3	3	1	-	-	4

The Indian Inspection Service, was not affected by the decentralisation of the purchase work.

Present Functions of DGS&D

A) SUPPLY WING

1. Rate Contracts

Rate Contracts are concluded for the common user items which satisfy the following criteria:

- a) The demand is repetitive;
- b) The item is generally required by more than one department;
- c) The specification is standardised;
- d) The estimated annual off take is more than Rs.25 lakh.

In brief, the rate contracts offer the following advantages:

- a) Cheaper than market price;
- b) Saving in frequent purchasing cost;
- c) Avoidance of delay in buying;
- d) Availability of standard quality stores duly inspected;
- e) Choice of brands available on the Rate Contract.

The suppliers offer their best prices for Rate Contracts mainly because of centralised payments and, of course, the fact that through one contract their products are introduced to a large number of government users across the length and breadth of the country.

DGS&D's annual Rate Contracts have been beneficial to the government departments. In this connection, a sample comparison of market price and the DGS&D Rate Contract price for some items like cement, tyres and tubes, vehicles, paper, fans,

industrial gases etc. prepared by the DGS&D shows that in respect of annual drawals of some items, totalling upto Rs.1,090 crores, DGS&D Rate Contracts prices would accrue a saving of approximately Rs.146 crores. (Annexe II)

Until September, 1996, all payments for supplies ordered and made against DGS&D Rate Contracts, were made by the offices of Chief Controller of Accounts, Deptt. of Supply and their reimbursement was claimed from the indentors along with 0.5% purchase and 0.5% inspection service charge. This arrangement included supplies made to the state govt. indentors also. On 1.10.1996, the Deptt. Of Supply delinked state govts. from this system i.e., the state govt. indentors were made to make their own payment arrangement. An order was issued in June, 1999 stating that the state governments and the public sector undertakings could utilise the Rate Contracts only as pre-deposit parties i.e., send the indent to the DGS&D along with the total cost and the service charges in which case the supply order will be issued from DGS&D and then payment for supplies made shall be realised by CCA. It is understood that no indent has been received in DGS&D under this dispensation. Obviously, the state governments etc. though using the Rate Contracts prices etc. are placing their own orders independent of the Rate Contracts.

2. Adhoc Purchases

Those departments which do not have infrastructure for making their own purchases can still utilise the services of DGS&D with the specific approval of the Head of the Department/Secretary of the Ministry. Presently, adhoc purchases are being made by the DGS&D for the following organisations:

- a) Geological Survey of India
- b) India Meteorological Department
- c) Central Ground Water Board
- d) Some purchases for the Department of Posts
- e) Delhi Administration
- f) Andaman & Nicobar Administration
- g) Some state governments from time to time
- h) Some projects aided by the World Bank/IMF/ADB.

Decentralisation of adhoc purchase work provided for the purchases being done by the respective Ministries/Departments themselves and if they were unable to do so to make their purchases through DGS&D. It is noticed that in many cases the ministries/departments are making the purchases, by utilizing the services of Undertakings such as NTPC, RITES, Hospital Services Consultancy Corporation etc. particularly for purchases against the World Bank or other bilaterally aided projects.

The requirements of government contracts having to be issued for and on behalf of the President of India (or Governor of the State), could be complied with in such cases. By these PSUs carrying out the spade work and getting the ministry concerned to sign the contracts, it would be desirable for the concerned financial advisors to examine whether such arrangements are cost effective, in relation to making the purchases through the DGS&D.

The following table gives the figures of purchases by the DGS&D from 1991-92 (pre-decentralisation) onwards;

Year	Total value Of Contracts (Rs. in Crore)	No. of Adhoc Contracts Contracts	Value of Adhoc (Rs. in Crore)	Value of Jute Purchase (Rs. in Crore)	Value of R/C Drawals (Rs. in Crore)
1	2	3	4	5	6
1991-92	4762	3507	707	NA	—
1992-93	4153	1673	520	NA	—
1993-94	3840	884	647	410	2783
1994-95	3206	778	570	431	2205
1995-96	3301	435	116	589	2596
1996-97	3350	330	97	511	2742
1997-98	2247	283	60	749	1438
1998-99	2270	258	58	712	1500
1999-2000	2918	240	78	1374	1466

Notes:

1. *Figures based on payment data.*
 2. *Jute purchases, though adhoc in nature, are not included in column 4 which gives the figure of adhoc purchases through tendering process.*
 3. *R/C drawals show steep downward figures from 1997-98 onwards because from 1.10.96, State Govts. Were asked to make their own payments and hence their drawals did not get reported.*
 4. *NA, — denotes not available.*
3. Purchase of Jute Bags by DGS&D's regional office at Kolkata
- Jute bags are purchased in two varieties:
- (a) A twill bags for packaging of sugar and rice. The number of contracts placed for such bags in a year is about 30, of a total value of Rs.10-15 crore.
 - (b) B Twill Bags for packaging of wheat.

The procedure for making purchase of B twill bags is as under:

Exercising powers under the 'Jute (Licensing and Control) Order, 1961', the Office of the Jute Commissioner (J/C) issues production control orders (PCO) to various jute mills every month to produce specified quantity of twill bags. This mill-wise quantity and the time period is fixed by J/C under statutory orders. J/C also notifies the price payable every month for such goods under the said order.

On receipt of Production Control Order, DGS&D, Kolkata in exercise of the power under clause 8A of Jute (Licensing & Control) Order, 1961 read with amendment dated 4.9.70, issues Requisition Order & Supply Order indicating quantity, price, date of delivery & consignee details etc.

The indentors of jute bags are:

- (a) Food Corporation of India
- (b) Government of Punjab
- (c) Government of Haryana
- (d) Government of Uttar Pradesh
- (e) Government of Madhya Pradesh

Although the DGS&D does not make these purchases through regular tenders on competitive basis, it has a special role in the following manner:

- (1) In the process of issuing the requisition orders and supply orders, this office works out the distribution, destination-wise, for state govt. requirements and other contractual details;
- (2) The supplies against the Production Control Orders issued by the Jute Commissioner's Office are required to be made in the same month at the prices applicable for that month. Therefore, the orders have to be issued on an emergent basis and very close monitoring of supplies on day-to-day basis is made. All the indentors i.e. Food Corporation of India as well as the concerned state governments are kept informed of the position periodically;
- (3) Periodical visits to the jute mills along with a representative of Jute Commissioner and the Enforcement Directorate are made to check and ensure that supplies are made according to the orders;
- (4) Where the supplies get delayed, the DGS&D plays specialised role of deciding the price at which the extension in delivery date is to be granted;

- (5) Since the jute mills are presently eager to take orders, DGS&D's performance report to the Jute Commissioner assumes a special significance;
- (6) Attending to the complaints from the indentors;
- (7) Adjustment of quantities in cases of wrong indenting by certain indentors;
- (8) The state governments of Punjab, Haryana, UP and MP submit their indents unaccompanied by the requisite funds. This is because the requirements are large and funds are not available in one go. They keep on providing funds from time to time and based on these funds the quantity of jute bags for each state government is worked out and ordered in accordance with the Production Control Order issued by the Jute Commissioner.

Although the annual purchase of jute bags is very large in value and involves a large number of contracts issued and monitored (value of jute purchases in 1999-2000 is Rs.1374 crore), not much staff is employed on this work and presently the office of DGS&D, Kolkata under the charge the Deputy Director General (Supply) supported by only one Director (Supply), one Deputy Director (Supply) and six Assistant Directors (Supply) are able to cope with these purchases along with other major activities such as issuing about 30 Rate Contracts annually and clearing agency work for the Port of Kolkata.

4. Shipping Clearance Work

The Regional Supply Offices at the Port Towns of Mumbai, Kolkata and Chennai arrange clearance of imported cargo and coastal shipments to Andaman & Nicobar. Clearing agents have been appointed at Mumbai and Chennai. In Kolkata, the work is handled departmentally but the transport is arranged through a transport contractor. In Mumbai, the clearing agents are paid advance money for the assessed expenses on clearance and demurrages. This is adjusted in the final bills of the clearing agent. In Chennai, the clearing agents invest their own money and then submit bills for payment. custom duty is paid direct to the authorities.

Clearing agents perform all functions starting from the arrival of vessel until final despatch to the consignee's destination.

Clearing agency facility is available at the following ports:-

Sea Ports:- Kolkata, Haldia, Chennai, Vizag, Mumbai and Cochin

Air Ports:- Kolkata, Chennai, Bangalore and Mumbai.

The tonnage (cargo) handled by the three regional offices during last 5 years is as under:-

Tonnage handled M/Ts					
	1995-96	1996-97	1997-98	1998-99	1999-2000
Mumbai	8860	9508	6855	7628	11331
Kolkata	9336	9421	4940	7811	19069*
Chennai	5163	6622	4223	4943	5939
Total	23359	25551	16018	20382	36339

* *The sharp increase is due to coastal shipments to Andaman & Nicobar Islands.*

B) Quality Assurance Wing:

The Quality Assurance Wing with its headquarters in Delhi is headed by an Additional Director General (Quality Assurance) who reports to DG(S&D) and operates through Deputy Director Generals (Quality Assurance) in each of the four zones viz. North, South, East and West, with zonal headquarters at New Delhi, Chennai, Kolkata and Mumbai respectively.

Each zone has 2-3 directorates with a director as head and sub-offices at major industrial centres, staffed as per requirement. At present, there are 11 field directorates situated at New Delhi, Chandigarh, Kanpur, Kolkata, Jamshedpur, Mumbai, Ahmedabad, Bhilai, Chennai, Hyderabad and Bangalore.

The Quality Assurance Wing has 34 centres with its offices at almost all the major industrial production centres with its presence in almost all states of the country. The presence of QA Wing office nearer to the production centres helps in dealing with the inspection work in an efficient manner with the advantage for the contractors to have direct communication for any guidance needed in operation of the contract.

The Quality Assurance Work is of a specialised technical nature calling for assimilation and dissemination of knowledge and experience. In fact Quality Assurance Wing of DGS&D has been one of the pioneer organisations in this field. The functions performed by the QA Wing are:

- (a) Formulating the procurement specifications suitable for contracting.
- (b) Assessment of vendors against their application for registration with DGS&D, by examining all aspects and then grant registration. This activity has been decentralised in the regions in order to assist local suppliers.
- (c) Assessment of vendors against tender enquiries before placement of contracts.

- (d) Maintain directories of suppliers registered as manufacturers, stockists, Indian agents to foreign manufacturers etc.
- (e) Providing advice to DGS&D on all technical issues in the purchase activities.
- (f) Technical evaluation of offers wherever requested for.
- (g) Evaluation and certification of the quality of supplies.
- (h) Quality audit/failure analysis of supplies at consignee's end.
- (i) Providing similar services to other departments and central government, state governments, public sector undertakings against their direct procurement.
- (j) Interaction with Indentors and Industry for failure analysis and upgradation of quality of procurement to meet diversified needs and keeping up with changing/increasing quality needs of the users.
- (k) Interaction with BIS and other government bodies, contribution/participation in their standardisation and certification activities.

The volume of work involved is of the following order:

	96-97	97-98	98-99	1999-2000 Upto Dec.99
Number of orders received	36479	37514	42363	34559
Value of orders received in rupees crore	2853	3037	3587	3112
Value of orders inspected in rupees crore	2765	2953	3484	2853

C) Institute of Supply and Quality Management

About three years back, work on a full fledged Institute known as the Institute of Supply and Quality Management was started in the DGS&D. This institute is now functional for about a year. Officers from various ministries, departments, public sector undertakings etc. attend the courses arranged by this institute frequently. Induction courses are also held in this institute for probationary officers in the field of supply and materials management in other ministries like railways etc. Although, most of the faculty is in-house viz. officers of Indian Supply Service and Indian Inspection Service, the institute also utilises the outside faculty as guest lecturers where necessary. Presently, the institute is looked after by a Deputy Director General (Supplies) and a Director (Training). For this purpose, one post of director out of the two sanctioned for Directorate of Supplies and Disposals, Kolkata, is being operated at headquarters. The institute has been set up under a plan scheme which is to be completed in 2 phases. The first phase i.e. development of basic infrastructure has been completed.

The second phase provides for a full fledged Institute involving recruitment of faculty and other manpower.

D) Internal Finance in DGS&D

The officers and staff of finance located in the DGS&D, belong to the Department of Supply and form a part of DOS (Sectt) staff strength. The following officers and staff are presently working in finance in DGS&D.

	DGS&D		Kolkata		Mumbai	
	SS	WS	SS	WS	SS	WS
1. Dy.Secy	1	1	-	-	-	-
2. Under Secy	3	3	1	1	1	1
3. SO	-	-	1	1	-	-
4. DyDir(Cost)	1	1	-	-	-	-
5. Assistant	-	-	2	2	-	-
6. Steno Gr C	3	3*	1	1	-	1**
7. UDC	-	-	3	1	1	1
8. LDC	1	1	1	1	1	1
9. Daftry	-	-	1	1	1	1
10.Messenger	3	3	3	3	2	2
Total:	12	12	13	12	6	6

* Includes 2 provided by DGS&D

** provided by DGS&D. SS : Sanctioned Strength WS:Working Strength

Deputy Secretary (Finance) has the delegated authority to concur with the proposals upto Rs.5 crore i.e. within DG's powers. Under Secretaries at headquarters and also in the regions have delegated powers to concur with the proposals falling within the delegated purchase powers of Deputy Director Generals viz Rs 1.5 crore. Finance Wing at headquarters examines all Rate Contract proposals dealt with at headquarters. The Deputy Secretary at headquarters also sees for approval cases forwarded by the Under Secretaries (Finance) located in Mumbai and Kolkata which are beyond their delegated powers.

The office of DGS&D, Chennai does not have internal finance located there. All their cases where finance concurrence is required are forwarded either to Mumbai or direct to headquarters depending on the value involved. Cases beyond the delegated authority of US(IF) are also forwarded from Mumbai and Kolkata to DS(IF) at headquarters.

Apart from the normal purchase cases, the finance concurrence is required in the offices of port towns in respect of the following activities:

- (1) Cases involving demurrages and wharfages during clearing agency work.
- (2) Specific to Mumbai

Cases pertaining to grant of advance in each shipment case to the clearing agent to take care of demurrages and warehouse charges etc. In Chennai, the clearing agents are not paid advances. Also even in Mumbai until about a year back the cases of advance were not shown to finance. This practice has been started only recently.

- (3) Specific to Kolkata:

Cases relating to jute purchase and regularisation of delivery period, waiver of liquidated damages etc. are all shown to finance.

Revenue and Expenditure

DGS&D charges a purchase fee of 0.5% of the value of the goods for procurement activities and 0.5% of the value of goods inspected for inspection activities of the Quality Assurance Wing. In addition to this, DGS&D Purchase Wing charges 0.5% of the CIF value of the imported stores cleared as well as export cargo cleared (the export cargo handled is only for Andaman & Nicobar Islands). In respect of procurement on behalf of the central government indentors including Rate Contract supply orders where the payment is centralised, the purchase and inspection fees are collected by the Office of the Chief Controller of Accounts through debits raised on the respective indentors along with the value of the stores. Similarly, in respect of clearing agency activities, the offices of Chief Controller of Accounts at Mumbai, Kolkata and Chennai recover the charges through debits raised to the respective Indentors.

The Quality Assurance Wing undertakes inspection of stores even against the orders placed directly by various central government departments etc., State government departments and public sector undertakings where they want inspection to be carried out by DGS&D Quality Assurance Wing. In such cases, service charges are due only for inspection of stores. This is not possible through recovery by the offices of the Chief Controller of Accounts. In such cases which are generally termed as 'non-departmental orders', Quality Assurance Wing have, through their internal instructions, started collecting the inspection fees in the form of demand drafts in favour of CCA from the suppliers before undertaking the inspection. Suppliers themselves have to get reimbursed from the order placing authority.

The figures of revenue receipts and expenditure from 1997-98 onwards, are given at Annexe III.

Staff Strength

The Staff Inspection Unit of the Ministry of Finance (SIU) had carried out the study of the officers and staff employed up to the level of director (JAG) in 1996-1997.

Since the SIU does not study the workload and strength of officers at SAG level and above, Deputy Director Generals and above were not covered by the study. The SIU report was examined in the DGS&D/DOS and discussed at length and could be finalised and agreed only in June, 1999. However, its implementation is still pending. SIU has not recommended any reduction in the cadre posts. According to the agreed level of staff between SIU and Department of Supply, the total staff strength in DGS&D from Group 'A' to Group 'D' has to be restricted to 2765. The present sanctioned strength is 3540 and working strength is 2876.

The SIU has approved two posts of directors at Mumbai. Earlier at Mumbai there used to be a Director of Supplies & Disposals and a separate Director (Supplies) (Textiles), located in two different buildings. The subordinate cadres in the two offices are different and so are the staff unions different. Subsequently, due to decentralisation, the work was reduced and both the offices were brought under one roof. Presently, whereas the office of DS&D is concluding the Rate Contracts and the clearing agency work, the office of Director (Supplies) (Textiles) is also concluding some rate contracts. Total number of Rate Contracts concluded by both the directors is not more than the Rate Contracts concluded by the Chennai office with only one Director and the Kolkata Office with only one Director functioning (though two have been approved by SIU). The continued existence of two Directors of Supplies in Mumbai and with separate supporting staff including Assistant Directors (Administration) is not justified.

One development that could have a large impact on the staff strength requirement in DGS&D is government's recent decision to wind up the centralised payment system. It has been argued that the centralised payment system is the key to the successful discharge of the package of functions offered by DGS&D; that without the centralised payment system participation of suppliers in the rate contract system could suffer and increase the proportion of cases where the inspection fees would have to be collected directly from the suppliers. While it is difficult to assess to what extent the volume of purchases, booked over the rate contract system by central government agencies could go down or when centralised payment system is abolished, the experience of recent years clearly shows that moving away from centralised payment has led to over 10% of the inspections being carried out with the fees paid directly by the suppliers, an agreement that needs to be put an end to, as it could be a breeding ground for malpractices. As far as state government purchases are concerned, the recent decision of the government would only be formalising an arrangement that was put in place in 1996. Some reduction in the workload of DGS&D cannot therefore be ruled out when the centralised payment system is abolished.

Recommendations:

- (1) The total staff strength of the DGS&D has already come down to 2876 compared to 4513 as on 1.1.1992. With the abolition of the Centralised Payment Scheme and the recommendation separately made for stopping inspection work undertaken with inspection fees being obtained directly from the suppliers, the total staff strength could go down in the coming years. In line with this reduction in the total staff strength, the requirement of Indian Supply Service Officers and Indian Inspection Service Officers would also go down. Fresh recruitment to these services should therefore be stopped straightaway and the two cadres allowed to wither away. The management of both the cadres be vested in the DGS&D itself.
- (2) Government has already decided that shipping clearance work now being undertaken by the DGS&D at the port towns of Mumbai, Kolkata and Chennai should be wound up. This decision will lead to 131 personnel being rendered surplus.
- (3) Government has also decided that the Institute of Supply and Quality Management started in the DGS&D should be wound up. This institute does not have any separate staff and is looked after by two officers from the headquarters and where necessary guest speakers are invited. The decision to wind up this institute would not therefore result in any personnel becoming surplus.
- (4) The two directorates at Mumbai should be merged. This will lead to 78 personnel (breakup in Annexe IV) being rendered surplus.
- (5) The Kolkata office needs to be downsized on the pattern existing in Chennai and now being recommended for Mumbai with the merger of two directorates. This will result in 90 staff (breakup in Annexe V) being rendered surplus.
- (6) The practice of carrying out quality assurance inspections with fees paid by the suppliers should be stopped forthwith. The volume of such inspections, directly paid for by suppliers, accounts for over 10% of the present volume of inspection work not being carried out. This decision will result in nearly 120 staff at different levels in the quality assurance wing being rendered surplus.
- (7) The DGS&D should function as a service organisation. While it need not aim at making a profit it should ensure that its expenditure is fully covered by the fees that it gets. Towards this end the DGS&D should be allowed,

in fact encouraged, to provide rate contract and inspection services to more organisations – be it other central government organisations, state government, or even the private sector – which desire to avail of DGS&D service, but on the basis of direct payment of the requisite fees and without the centralised payment mechanism.

- (8) The reduction in staff strength as recommended above (except item 7) which will be reflected in the staff strength of Department of Supply total upto 419. Taking the staff strength as assessed by the SIU i.e. 2765 as the basis, the changes suggested above will result in the total staff strength of this organisation coming down to 2346. In relation to the present sanctioned strength, 1194 posts will be rendered surplus.

National Test House (NTH)

National Test House was established in 1912 on a modest scale for the railways, primarily for evaluation of certain indigenous products aimed at import substitution. Presently it has a total sanctioned strength of 794, of which 133 positions are vacant.

The main functions of the NTH are :-

- (a) Testing and evaluation of materials, products, equipment, apparatus and systems in practically all branches of science and technology except food, drugs and pharmaceuticals, arms and ammunitions.
- (b) Research and development in testing technology and related areas, including consultancy for failure analysis and allied problems.
- (c) Helping industries in developing indigenous products for import substitution and in their quality assurance programmes.
- (d) Calibration at the level of Echelon-II and maintenance of appropriate standards and references in areas of its competence.
- (e) Helping N.A.B.L. (National Accreditation Board for Testing and Calibration Laboratories) for accrediting testing laboratories.
- (f) Association with BIS for evolving National International Specifications and Standards.
- (g) Training of Scientists, Technologists, Technicians in Testing technology.

NTH has its headquarters at Kolkata and regional laboratories at Kolkata, Mumbai, Chennai, Ghaziabad, Guwahati and Jaipur with testing facilities specific to the regions.

Two high powered committees exist to advise NTH on policy and various administrative matters. These are:

- (i) Executive Committee and
- (ii) Technical Advisory Council.

The Executive Committee functions under the Chairmanship of Secretary (Supply) to take decisions on administrative and financial matters. The Technical Advisory Council has been reconstituted in 1997 under the Chairmanship of DG(NTH) and a representative from the Department of Supply. A number of scientists and engineers from the various institutions are being nominated for the council along with all regional heads of the NTH as members. The main function of the Advisory Council is to advise on procurement of sophisticated equipment for NTH in the various disciplines.

The NTH is at present providing testing and evaluation facilities in the following main disciplines:

- a) Chemical engineering
- b) Civil engineering
- c) Rubber, plastics and textiles
- d) Electrical engineering
- e) Electronics
- f) Mechanical engineering (heavy and light mechanical)
- g) Non-destructive testing.

The number of samples tested in different regions is as follows:

Figures in thousands

Name of the Region	1997-98	1998-99	1999-2000
Kolkata	8.23	8.17	8.05
Mumbai	2.21	2.42	3.53
Chennai	2.46	3.01	3.30
Ghaziabad	4.44	4.58	4.82
Jaipur	2.25	3.98	5.60
Guwahati	0.33	0.51	0.80
Salt Lake	-	-	1.30
Total:	19.92	22.67	27.20

The region wise breakup of non-plan expenditure and revenue earnings is as follows:

(Rupees in Lakh)

S No	Region	1998-99			1999-2000		
		Non-Plan Expenditure	Revenue Earned	% of Revenue to Non-Plan Expenditure	Non-Plan Expenditure	Revenue Earned	% of Revenue to Non-Plan Expenditure
1.	NTH(ER)	480.04	61.96	12.91	500.40	61.47	12.28
2.	NTH(WR)	120.96	19.73	16.31	132.31	26.66	20.15
3.	NTH(SR)	105.31	20.15	19.13	120.16	22.39	18.63
4.	NTH(NR)	109.64	43.34	39.53	104.68	45.10	43.08
5.	NTH(JPR)	22.99	19.04	82.82	24.17	21.02	86.97
6.	NTH(GUW)	14.05	5.56	39.57	14.30	5.14	35.94
Total:		852.99	169.78	19.90	896.02	181.78	20.29

NOTE: Eastern Region includes Salt Lake, Kolkata.

Salt Lake Complex at Kolkata

This complex spread over an area of 3 acres and with a total covered area of 18,238 sq.m.is being set up to provide for a top class modern testing laboratory in the country at a cost of Rs.34.24 crore. Though the complex was scheduled to be completed by December, 1999, it is not yet operative except for the minor laboratories in one of the annexe buildings. Out of the total of 103 posts required for this, only 62 are to be adjusted by transfer from the Alipore laboratory. Incidentally the facilities and manpower available at the Alipore complex are considerably under utilised.

NTH Ghaziabad Complex

NTH also has a much larger complex at Ghaziabad, commissioned in 1982, in a 19 acre plot, with a covered area of about 6000 sq. metres.

IIM, Kolkata study covered the four central government funded quality testing institutions vis-a-vis the laboratories of Bureau of Indian Standards (BIS), National Test House (NTH), Regional Testing Centres (RTCs) and Pilot Testing House (PTH). This study which was completed in September, 1999 has, inter alia highlighted the following points:

- There exists well-established testing infrastructure in the laboratories of BIS, NTH, PTH and RTCs as individual entities, and more so when considered together.
- All of them have similar capacities, equipment and facilities. In any given city, such as Kolkata, BIS,NTH and RTC have nearly similar facilities.

- They cater to more or less the same-testing samples against established standards.
- However, BIS laboratory tests samples for the ISI marking and certification scheme. Other private and public laboratories also carry out testing for certification purpose at the instance of BIS.
- The testing and related activities of these labs are predominantly regional based. That is their regional establishments (at Mumbai, Chennai etc.) more or less cater to the “local” (in and around the region in which they are located) testing needs.
- From the point of view of testing per se duplication and under utilisation of testing facilities available in the laboratories at various locations are glaring.
- In particular, the magnitude of investment made in creating testing infrastructure in BIS, and NTH laboratories is substantial, but is grossly underutilised. Furthermore, the extent of utilisation of this capacity is declining.
- There has been tremendous proliferation of testing activities in the country in the recent past in connection with industrial products. This has resulted in:
 - the growth of laboratories in private and government sector with high degree of testing area specialisation, and
 - competition and aggressive marketing practices.
- Although there are isolated and small initiatives, the laboratories studied are yet to gear up themselves to successfully meet the competition.

This institute made the following broad recommendations:

- The quality testing laboratories owned by the GOI either directly or through its various agencies could ideally be integrated.
- There is no need for different departments running their own testing institutions in the present context. This inevitably creates excess capacity, wasteful duplication, under utilisation, and diluted strategies to tap market potential.
- There is no need even for BIS to own testing laboratories to carry out their mandatory objectives. Ideally the BIS laboratories should also be integrated with the other GOI owned laboratories.
- There is a need for balanced and market specific geographic spread of these laboratories.

- An urgent need also exists for effective management, autonomy, decentralisation of decision making, accountability in terms of achieving reasonable return on investment (ROI).

General Observations:

- (1) Only 3% of the total number of samples tested at NTH (1999-2000) are on account of DGS&D. Another 50% of their total workload comes from other government departments. Approximately, 46% is accounted for private industry etc. Apparently, there is little justification for NTH to be located in the Department of Supply.
- (2) The capacities already available with NTH before bringing up of Salt Lake Complex had been, over the years continuously, grossly underutilised.
- (3) NTH charges money for samples tested. The revenue earned by NTH over the years is only about 20% of the annual non-plan expenditure.
- (4) Thus, in the absence of centralised efforts the proportion of revenue to expenditure could even go down in the coming years.

Recommendations

- (1) Government has decided that the National Test House should be transferred to the Bureau of Indian Standards. Considering that there is considerable overlap of functions between the two bodies, it would be advisable, if, in the first instance, the NTH is placed directly under the Ministry of Consumer Affairs and the question of integrating the two, merging facilities and downsizing of staff strength gone into in detail.
- (2) Clearly there is considerable under utilisation of the facilities created and also excess staffing. Pending a correct assessment there should therefore be a ban on further investments as well as on filling up of vacant posts, let alone adding to the staff strength.
- (3) The revenue earned as a proportion of the total non-plan expenditure is quite low, being around 20%. Efforts should be made to aggressively market the testing facilities and also increase testing fees so as to maximise internal resources generation.

Chief Controller of Accounts (CCA)

The Office of the Chief Controller of Accounts, Department of Supply, is the Departmental Accounts Organisation attached to the Department of Supply. The Secretary of the Department is the Chief Accounting Authority for the discharge of the accounting functions. CCA reports to him through Financial Advisor.

The main functions of the Supply Accounts Organisation include:

1. Pre-check payment and accounting of bills preferred against rate contracts of DGS&D and raising of outward claims against the Accounts Officers of the concerned consignees.
2. Payment to clearing agents at ports for imported stores.
3. To carry out the treasury functions on behalf of the Department of Supply, DGS&D, NTH & CCA Offices, compile the accounts of the department, and arrange internal inspection of payment and accounts, of records maintained by various offices under the department.

The Chief Controller of Accounts has his headquarters at New Delhi and three regional offices at Kolkata, Chennai and Mumbai. The CCA is assisted by two Controllers of Accounts at New Delhi, one Deputy Controller of Accounts each at Kolkata, Mumbai and Chennai.

(The overall actual strength of the organisation as on 1.1.2000 is 725 (gazetted 110 and non-gazetted 615).

Payment Figures:

The Chief Controller of Accounts plays a pivotal role in ensuring timely payments for procurements made against DGS&D rate contracts. Details of bills received and paid during the last four years is given below:

Year	Opening Balance	Received	Total	Bills Paid	Bills Pending (Closing Balance)
1995-96	20,539	3,11,939	3,32,478	3,15,826	16,652
1996-97	16,652	2,79,061	2,95,713	2,79,630	16,083
1997-98	16,083	1,89,135	2,05,218	1,90,261	14,957
1998-99	14,957	1,75,186	1,90,143	1,79,268	10,875
1999-2000*	10,875	1,34,337	1,45,212	1,31,827	13,385

*Upto Dec. 1999

Staff Strength – SIU Study

Although, the sanctioned strength continues to be shown in the region of 1030 from 1991 (pre- decentralisation) till the present time, the actual working strength has been coming down subsequent to decentralisation of purchases.

The orders for decentralising the payments for supplies to state governments against the Rate Contract issued on 1.10.96, caused further substantial reduction in work in the office of CCA, as will appear from the payment figures. The staff strength which was 847 on 31.12.96 is now 725.

SIU had carried out a detailed study of the staff requirement and the functions of CCA. The SIU had recommended abolition of CCA (Supply) and suggested payment of contractors' bill directly by the Accounts Officers of the consignee departments. However, SIU had recommended a staff strength of 325 for the present functions if continued.

Recommendation:

Government has already decided that the centralised payment system should be abolished. The SIU had in its assessment estimated a total staff complement requirement in the CCA's office at 325, as against the present sanctioned strength of 1036. This includes staff required for centralised payment work as well as for discharging drawing and disbursement functions. As what is proposed is only abolition of centralised payment system, a staff complement of 115 relating to the DDO functions as assessed by the SIU (Annexe VI) will have to be retained. As the DDO functions now extended cover both DGS&D and NTH, out of this 115 around 20 would have to be located in NTH (Ministry of Consumer Affairs) and the balance 95 in DGS&D (Ministry of Commerce). The remaining 921 positions, with reference to the sanctioned strength of 1036, would be rendered surplus.

ANNEXE-I

**S.B. MOHAPATRA
ADDITIONAL SECRETARY &
FINANCIAL ADVISER**

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE
UDYOG BHAVAN
NEW DELHI 110011**

24th July, 2000

Dear Shri Mathur,

Kindly recall our discussion regarding rightsizing of DGS&D organisation. As you know, a Group of Secretaries was constituted to give its recommendations regarding rightsizing the DGS&D. A summary of their recommendation is enclosed. The recommendations have been accepted by the Commerce & Industries Minister who is also the Minister of the Department of Supply. The recommendations have now been forwarded to the Cabinet Secretariat for further action. However, no formal order has been issued so far.

With regards,

Yours sincerely,

Sd/-

(S.B. Mohapatra)

Shri J.S. Mathur,
Member Secretary,
Expenditure Reforms Commission,
New Delhi.

DCC No.CD 910/85

Rashtrapati Bhavan, New Delhi

NOTIFICATION**NEW DELHI, THE 10TH December, 1985**

In exercise of the powers conferred by clause (3) of article 77 of the Constitution, the President hereby makes the following rules further to amend the Government of India (Allocation of Business) Rules, 1961, namely:-

1. (1) These rules may be called the Government of India (Allocation of Business) One hundred and Seventy-seventh Amendment) Rules, 1985.
- (2) They shall come into force at once.

In the Government of India (Allocation of Business) Rules, 1961 -

- (1) In the First Schedule:-

X X X

- (2) In the Second Schedule:-

(i) X X X

(ii) Under the heading "MINISTRY OF COMMERCE AND INDUSTRY (VANIJYA AUR UDYOG MANTRALAYA) for the entries under the sub-heading "B" DEPARTMENT OF SUPPLY (POORTI VIBHAG)" the following entries shall be substituted, namely:-

- "1 Purchase and/or inspection of stores for Central Government Ministries/ Departments including their attached and subordinate offices and Union Territories, other than the items of purchase and inspection of stores which are delegated to other authorities by general or special order.
2. Purchase and/or inspection of stores on behalf of those State Governments. Public Undertakings, autonomous bodies, quasi public bodies, etc. who desire to avail of its services.
3. To arrange payment of supplies made against contracts placed by the Department (DGS&D) on behalf of the authorities referred to in 1 and 2 above.
4. To arrange clearance of stores imported against orders placed by the Department and also orders placed by the other Central Government Departments. State Governments, autonomous bodies, etc. if called upon to do so. To arrange shipment of stores against contracts placed by

the Department wherever necessary or where such work is entrusted to the Department by other authorities.

5. Disposal of surplus stores other than those for which powers have been delegated to various authorities by general or special order.
6. Testing and evaluation of materials, products, equipments and systems; research and development in testing technology and related areas; and calibration in the level of Echelon II and maintenance of test data, etc.
7. Cadre Management of Indian Supply Service and all matters pertaining to training, career planning and manpower planning for the said service.
8. Cadre Management of Indian Inspection Service and all matters pertaining to training, career planning and manpower planning for the said service.
9. Administration of –
 - (a) Directorate General of Supplies & Disposals, New Delhi
 - (b) Office of the Chief Controller of Accounts, New Delhi
 - (c) National Test House, Alipore, Calcutta.”

(To be published in
Part II, Section 3,
Sub – section (ii)
Of the Gazette of
India, Extra Ordinary,
Dated the 7th August, 2000.)

Doc. CD-459/2000.

RASHTRAPATI BHAVAN

NEW DELHI

Notification

Dated the 4th August, 2000.

S.O. _____ (E). – In exercise of the powers conferred by clause (3) of article 77 of the Constitution, the President hereby makes the following rules further to amend the Government of India (Allocation of Business) Rules, 1961, namely:-

1. (1) These rules may be called the Government of India (Allocation of Business) (Two hundred and fifty – first Amendment) Rules, 2000.

(2) They shall come into force at once.

2. In the Government of India (Allocation of Business) Rules, 1961,-

(1) in the First Schedule, under the heading “5, Ministry of Commerce and Industry (Vanijya aur Udyog Mantralaya)”, the sub heading “(iii) Department of Supply (Poorti Vibhag)” shall be omitted;

(2) in the Second Schedule, under the heading “MINISTRY OF COMMERCE AND INDUSTRY (VANIJYA AUR UDYOG MANTRALAYA)”,-

(A) under the sub-heading “A, DEPARTMENT OF COMMERCE(VANIJYA VIBHAG)”, after entry 17, the following entries shall be added, namely:-

“ 18. Purchase and inspection of stores for Central Government Ministries/Departments including their attached and subordinate offices and Union Territories, other than the items of purchase and inspection of stores which are delegated to other authorities by general or special order.

19. Cadre Management of Indian Supply Service and all matters pertaining to training, career planning and manpower planning

for the said Service.

20. Cadre Management of Indian Inspection Services and all matters, pertaining to training, career planning and manpower planning for the said Service.

21. Administration of Directorate General of Supplies and Disposals, New Delhi.”

(B) the sub-heading “D. DEPARTMENT OF SUPPLY (POORTIVIBHAG)” and the entries relating thereto shall be omitted.

K.R. NARAYANAN

PRESIDENT

(File No.1/22/1/2000-Cab.)

**Note on abolition of Department of Supply on the basis of the
recommendations of the Group of Secretaries**

The Group of Secretaries on Rightsizing the Government Work force considered the matter regarding the abolition of Department of Supply. The recommendations of the Group of Secretaries had been received in DOS through Cabinet Secretariat for consideration. The recommendations are as follows:-

Recommendation No.(i):

The Department of Supply may be abolished and all the functions allocated to the Department as per Govt. of India (Allocation of Business), Rules, 1961 may be dropped except the function No.1 (vide Para 12) which may in turn be added to the business allocated to the Department of Commerce. This will result in abolition of 179 posts.

Recommendation No.(ii):

The DGS&D may be attached to the Department of Commerce and the Director General of DGS&D may be made ex-officio Additional Secretary to the Department of Commerce in the Ministry of Commerce & Industry. It may be categorized as a service Department. The 775 posts in the DGS&D identified for abolition by the SIU may be abolished forthwith. A fresh examination of the staff requirement of the DGS&D may be carried out in the changed perspective to determine the optimum staff strength of the DGS&D. Pending this review, fresh recruitment to all cadres / posts managed by DGS&D may be stopped.

Recommendation No.(iii):

Out of the total 664 vacant posts in DGS&D at present, only 81 belong to the category of 775 posts recommended for abolition by the SIU. A decision regarding abolition of remaining 583 vacant posts may also be taken.

Recommendation No.(iv):

The office of the Chief Controller of Accounts may be disbanded. This may result in the abolition of 1036 posts.

Recommendation No.(v):

The National Test House (NTH), Calcutta may be transferred to the Bureau of Indian Standards (BIS). Pending review of requirement of essential posts in NTH by BIS, fresh recruitment to various cadres / posts in NTH may be stopped.

Recommendation No.(vi):

The Cadre Management of the Indian Supply Service and the Indian Inspection Service may be transferred to the DGS&D (on the lines of the cadre of the Indian Trade Service being managed by the Directorate General of Foreign Trade) with

a reassessment of cadre strength in the light of other recommendations. The Management of Group 'A' Scientists Cadre of NTH may be transferred to BIS/Department of Consumer Affairs. Fresh recruitment to all these three cadres may be stopped forthwith. The position may be reviewed after 4-5 years.

Recommendation No.(vii):

The Institute of Supply and Quality Management opened in the DGS&D may be closed forthwith.

Recommendation No.(viii):

The surplus staff of various organizations may be surrendered to the Surplus Cell.

The recommendations of the Group of Secretaries was carefully considered and all the recommendations have since been accepted and views communicated to the Cabinet Secretariat on 11-7-2000 Regarding recommendation No.(iii) the factual position regarding the vacant posts in DGS&D was not correctly indicated. The correct position of vacant posts in DGS&D as on 1.4.2000 is as follows:-

Sanctioned strength:	3540
Working strength:	2810
Vacant posts:	730

SIU actually recommended abolition of 825 posts and also recommended creation of 50 posts (825-50 = 775 posts to be ultimately abolished). Out of 825 posts recommended for abolition by SIU, 566 posts are vacant. Thus 730-566 = 164 posts are vacant, which have not been recommended for abolition by SIU keeping in view the functional requirement of DGS&D. It has been decided that DG(S&D) would review these 164 vacant posts and submit a proposal to the Ministry regarding filling up of posts which are absolutely essential.

Further, the following transitional arrangements are considered necessary:-

- (1) About 13 posts including that of Joint Secretary be retained for a period of six months for handling work during the transition.
- (2) The office of CCA with minimum required staff be retained for a period of six months to enable smooth transfer/handling over of work and records.

NOTIONAL SAVINGS FOR SOME IMPORTANT RATE CONTRACT ITEMS

S.No	Item	(Rs. in crores)		Rationale for arriving at Notional Savings
		Annual Drawals	Approximate Notional Savings	
1	Cement	260	85	Difference between market price and R/C price in various regions.
2	Tyres & Tubes	120	12	Due to discount & dealers margin.
3	Heavy/Light Commercial Cars/Jeeps	400	8	Due to discount & dealers margin.
4	Paper Offset, White Prtg. Cream Wove Paper	110	7	Market Price-25000 PMT R/C Price – 23500 PMT
5	Bitumen	66	3.6	Distributors Price-5700PMT R/C Price-5400PMT
6	Bitumen Emulsion	9	1.35	Market Price- 8005PMT R/C Price-6965PMT
7	Air-conditioners	33	4	1.5 Ton Mkt. Price-25974 R/C-23158
8	Ceiling Fans	18	5	1200 MM Size Market Price-Rs.1044 R/C Price-811
9	Industrial Gases	52	16	Oxygen Market Price-Rs.13.95 PCM R/C Price-Rs 10.00 PCM
10	-do-			D.A. Gas Market Price-Rs.119 PCM R/C Price-Rs.98 PCM
11	Lamps GLS, Sodium Vapour	13	2	Differential in price 15 to 25%
12	Fluorescent Tube	9	1.8	40 Watt size Market Price-Rs.42 R/C Price-Rs.35
Total		1090	145.75	

**STATEMENT SHOWING REVENUE AND EXPENDITURE
(NON-PLAN UNLESS STATED) FOR DOS (SECTT), DGS&D,NTH & CCA**

	1997-98 (Actual)		1998-99 (Actual)		1999-2000 (Revised Estimate)		2000-2001 (Estimate)	
	Revenue	Exp.	Revenue	Exp.	Revenue	Exp.	Revenue	Exp.
DOS Sectt.	-	1.95 (R.E.)	-	2.22	-	2.27	-	2.55
DGS&D	29.24	29.82 + 0.16 (Plan)	31.23	33.10 + 0.24 (Plan)	40.76	34.26 + 0.20	37.26	36.48 + 0.20 (Plan)
NTH	1.40	6.87 + 1.45 (Plan)	1.59	8.56 + 1.74 (Plan)	1.80	9.03 + 1.80 (Plan)	1.80	10.13 + 3.62 (Plan)
CCA	-	8.50 (R.E.)	-	9.21	-	9.81	-	10.58

DGS&D
STAFF STRENGTH AT MUMBAI

S.No.		As assessed by SIU		As now determined	Reduction Proposed
		DS	DS Tex		
1	DDG	1	-	1	-
2	Director	1	1	1	1
3	Deputy Director	2	1	2	1
4	Assistant Director (Supply)	3	3	4	2
5	Assistant Director (Admn.)	1	1	1	1
6	Hindi Officer	1	-	1	-
7	Junior Field Officer	3	2	3	2
8	Junior Progress Officer	-	1	-	1
9	Superintendents	6	5	6	5
10	Technical Assistant	-	1	-	1
11	Dock Inspector	2	-	2	-
12	Steno I	1	-	1	-
13	Steno II	1	1	2	-
14	Steno III	6	4	6	4
15	Junior Hindi Translator	1	1	1	1
16	Store Keeper	2	-	1	1
17	U.D.C.	28	18	28	18
18	U.D.C. Incharge	6	5	8	3
19	Assistant Store Keeper	2	-	2	-
20	Senior Dock Sarkar	1	-	1	1
21	L.D.C.	16	8	16	8
22	Machine Operator	1	-	1	-
23	Comptist	-	1	-	1
24	Hindi Typist	1	1	1	1
25	Dock Sircar	1	-	1	-
26	Staff Car Driver	1	-	1	-
27	Record Keeper	1	1	1	1
28	Junior Gestetner Operator	1	1	1	1
29	Daftry	5	6	4	7
30	Peon	6	5	6	5
31	Security Guard	10	-	6	4
32	Sweeper	4	-	2	2
33	Farash	1	2	1	2
34	Labourers	4	-	4	-
35	Chowkidar	6	3	4	5
TOTAL		126	72	120	78

DGS&D
STAFF STRENGTH AT KOLKATA

S.No.		Sanctioned Strength	Requirement as assessed	Reduction Proposed
1	DDG	1	1	-
2	Director	2	1	1
3	Deputy Director	1	1	-
4	Assistant Director	7	5	2
5	Assistant Director (Admn.)	1	1	-
6	Junior Field Officer	4	2	2
7	Junior Progress Officer	3	2	1
8	Superintendents	8	6	2
9	Technical Assistant	1	-	1
10	Accountant	1	-	1
11	Dock Inspector	4	4	-
12	Steno I	1	1	-
13	Steno II	2	2	-
14	Steno III	8	4	4
15	U.D.C. Incharge	8	6	2
16	Junior Hindi Translator	1	1	-
17	Store Keeper	1	1	-
18	U.D.C.	85	41	44
19	Supervisor	2	2	-
20	Senior Dock Sarkar	2	2	-
21	L.D.C.	39	30	9
22	Dock Sarkar	2	2	-
23	Senior Gestetner Operator	1	1	-
24	Staff Car Driver	1	1	-
25	Record Keeper	1	1	-
26	Jetty Sarkar	2	2	-
27	Junior Gestetner Operator	1	1	-
28	Franking Machine Operator	1	-	1
29	Head Diwan	2	1	1
30	Daftry	14	8	6
31	Peon	9	7	2
32	Diwan	12	6	6
33	Mazdoor	4	2	2
34	Sweeper	7	4	3
35	Farash	1	1	-
TOTAL		240	150	90

STAFF REQUIREMENT AS ASSESSED BY SIU FOR DDO FUNCTIONS

