

पूर्व मध्य रेलवे
East Central Railway

Office of the
Principal Chief Materials
Manager
E.C. Railway Headquarters
Vaishali (Bihar), PIN – 844101

L.No-ECR-HQ0STR(ICIT)/0003/024
23.09.2024

Dated:

**All Purchase Officer
ECR**

Sub: Review of AAC considering consumption and NPQ calculation before Purchases.

At present inventory of ECR is highest, the surplus inactive items are also highest and the slow moving item is also highest among all the other Zonal Railways. This is cause of concern.

The annual issue of ECR last year was about 500 Cr whereas EAC is about 900Cr. This shows that EAC is inflated and in many cases, items are getting purchased but not getting consumed commensurately. EAC needs to be pruned down/ rationalized. To improve the situation following needs to be done:

1. The AAC of A category needs to be reviewed by respective CMMs along with the HODs of user department critically within next 7 days. The AAC may be compared with the consumption pattern and wherever the same is higher side, the same be reviewed critically and suitable curtailment may be done. Thereafter, the reduced AAC be incorporated in the IMMS system after HQ Vetting. After that
 - a. Requisite action for deferment of Purchase Orders/curtailment of purchase quantity be undertaken, if cases have already been decided.
 - b. For ongoing/future tenders of A Category, while deliberating/discussing/ Calculating the NPQ, the TC will examine that the AAC is realistic and reasonable. In case, there is large variation in AAC with respect to consumption pattern, the procurement quantity be curtailed judiciously.
2. Most of the B&C category items fall under direct acceptance cases and get settled expeditiously. Following may be done while deciding the purchase cases of B&C category :

- A. **TC Cases:** While deliberating/discussing/Calculating the NPQ, the TC will examine that the AAC is realistic and reasonable. In case, there is large variation in AAC with respect to consumption pattern, the procurement quantity be curtailed judiciously.
- B. **In DA Cases :**
- a. For 'C' category items : In case the AAC is more than 100% over the maximum consumption in any of the past 3 completed years or Current year on overall basis, the purchases may be restricted to NPQ calculated by Considering AAC as maximum 100% over the maximum Consumption. The broad consumption trend/ Out of stock period/ criticality etc may be also kept in mind while deciding the NPQ
 - b. For B category items : : In case the AAC is more than 50% over the maximum consumption in any of the past 3 completed years or Current year on overall basis, the purchases may be restricted to NPQ calculated by Considering AAC as maximum 50% over the maximum Consumption. The broad consumption trend/ Out of stock period/ criticality etc may be also kept in mind while deciding the NPQ
 - c. The above will not applicable to must change items if advised by the consuming department.
 - d. The Purchase Officers will monitor adequacy of coverage of monthly basis and in case of shortfall of B & C Category items due to enhanced consumption, they may resort to second round of purchases.

This is issued with the approval of PCMM.

Signed by

M P Burney

Date: 23-09-2024 17:48:14