

EAST CENTRAL RAILWAY

Office of the
Principal Chief Materials Manager
Hajipur, Bihar, 844101

Stores Instruction No: 132 dated 11.02.2025

All Stores Officers,
E. C. Railway

Sub: Regular/annual review of AAC/EAR (Estimated Annual Requirement)
Ref: Stores Instruction No 118 dated 12.04.2024

Annual issue value of stock items in ECR in FY 2023-24 was approx. 500 Cr against total AAC/EAR value of approx. 900 Cr. This indicates that AAC/EAR of items was not fixed keeping in mind their actual requirement and past consumption. Procurement of items based on unrealistic AAC/EAR not commensurate to the actual requirement will ultimately result in high level of inventory.

It has been noted that the process of review of AAC/EAR is very slow. Untimely **ANNUAL REVIEW** of AAC/EAR of items by depots/consignees may lead to initiation of procurement actions before review of AAC/EAR resulting in purchase of items with unrealistic AAC/EAR.

In view of the above facts and taking note of present high level of inventory including availability of surplus/inactive/slow-moving items being more than target, in order to simplify and regulate the process of review of AAC/EAR, following consolidated guidelines are being issued for revision/fixation of AAC/EAR in supersession of earlier instruction issued in this matter vide SI under reference above:

A. Basic guidelines for fixation of AAC/EAR:

1. It shall be the responsibility of the depot officer to initiate file for revision of AAC/EAR indicating past consumption pattern of the items and other relevant details.
2. Executive department shall propose AAC/EAR based on various factors such as workload during the period, rolling stock holding/other assets under maintenance, changes in maintenance practices/design/specifications etc., life of the item, warranty provision, trend of consumption, nature of item – whether safety/vital/must change item, any unforeseen requirement etc.
3. Due priority and importance will be given to the safety, passenger necessity and must change items while proposing their AACs.
4. Past consumption pattern should be of paramount importance as it indicates the likely consumption of the item in future.

B. Timeline for review of AAC/EAR:

1. Annual review of AAC/EAR for **ALL ITEMS** is mandatory. Even if there is no change in AAC, the same needs to be approved and updated in IMMIS annually.
2. The process of annual review of AAC/EAR for next CP shall commence in January of each year and the whole process should be completed (including updation of AAC/EAR in IMMIS) by March of each year.

For example: Review of AAC/EAR of CP 2025-26 and fixation of AAC/EAR of CP 2026-27 should be completed by 31st March, 2025. Similarly, review of AAC/EAR of CP 2026-27 and fixation of AAC/EAR of CP 2027-28 should be completed by 31st March, 2026.

C. AAC/EAR of surplus/inactive/not required/slow moving items:

1. Depot officer shall review the list of inactive/surplus/not required items/slow-moving items in the first week of every month.
2. If stock and dues are NIL for surplus and inactive items, AAC/EAR may immediately be fixed as NIL in order to prevent inadvertent procurement.
3. If stock or dues is available, AAC/EAR may be fixed as **0.1 for SURPLUS ITEMS** and **0.2 for INACTIVE ITEMS** for easy identification and for preventing inadvertent procurement of such items. This exercise is to be completed in the first week of every month.
4. Further, if any item is identified to be not required at any stage, AAC/EAR may immediately be fixed as 0.1.
5. Depot officers, after monthly review of inactive/surplus/not required/slow moving items, will propose reduction in AAC/EAR in order to regulate future procurements.
6. Depot officers shall also review the list of slow-moving items in the first week of every month during the period October to March with special emphasis on consumption of item in the current financial year and propose reduction in AAC/EAR for slow-moving items in order to prevent further excessive procurements.

D. Annual review of AAC/EAR of B/C/D/N Category items:

1. Depot officer shall initiate file for revision/fixation of AAC/EAR pertaining to his depot along with details of consumption pattern in the format attached as **Annexure-B**.
2. The Shed In-charge/Executive of user department shall propose AAC/EAR based on guideline given in Para A.
3. It must be ensured by the executive department that proposed AAC/EAR of the items is realistic and in line with consumption pattern so that stock is not rendered inactive or surplus after procurement is done as per proposed AAC.
4. If the enhancement in proposed AAC/EAR is within 30% for B Category items and is within 50% for C Category items over the maximum consumption in any of the last 03 completed FY and current FY (extrapolated on pro-rata basis to account for 12 months), approval of AAC/EAR proposed by the executive department may be done by depot officer himself on e-file. Depot

officer thereafter, may directly forward such AAC/EAR updation requests (AIS) in IMMIS to concerned SMM at HQ for approval/updation in IMMIS.

But AAC/EAR of slow-moving items must be critically examined and reviewed by the executive department and depot officer at the time of approval by depot officer or when forwarding to HQ in case the AAC/EAR is not within the aforesaid escalation limits.

5. If the reviewed AAC/EAR is not within the escalation limits mentioned in Para 4 above, depot officer shall forward such proposals through e-office to concerned Dy. CMM at HQ duly enclosing proper justification from the Shed In-charge/Branch Officer/JAG Officer in the format attached as **Annexure-A**.
 - i) Such proposals shall be critically reviewed by concerned Dy. CMM for approval of CMM. In case inputs from executive branch is needed, the opinion of concerned JAG Officer of executive department at HQ can be taken.
 - ii) After approval of CMM, e-office file shall be returned to depot. Depot officer thereafter, may forward such AAC/EAR updation requests (AIS) in IMMIS to concerned SMM at HQ for approval/updation in IMMIS.
6. For General Stores Depots, where there are multiple departments as consignees and it is not possible for the depot to obtain AAC/EAR review proposals from all departments, depot officers may themselves review the AAC/EAR based on past consumption pattern with due application of mind and data available on IMMIS/IREPS/UDM. However, in case the item pertains to multiple consignees but a single department, depot officer may initiate/fix the AAC/EAR as per Para 1 to 5 above.
7. File Naming System (FNS) by depot shall be as follows:

Annual review of AAC/EAR of Depot Code-Depot Name for Department Name. For ex.:

 - i) Annual review of AAC/EAR of 33-BOXX/DDU for C&W items
 - ii) Annual review of AAC/EAR of 26-DSL/PTRU for diesel loco items
 - iii) Annual review of AAC/EAR of 70-GSD/SPJ for electrical general items etc.

E. Annual review of AAC/EAR of A Category items:

1. Annual review/fixation of AAC/EAR of A Category items shall be done by a committee of SAG officers comprising of concerned CMM and concerned SAG officer of executive department.

CMM as the convener of the committee shall initiate file for revision/fixation of AAC/EAR pertaining to his section.
2. The concerned SAG Officer of user department shall obtain proposals from concerned Shed In-charge or Branch Officer or JAG Officer of executive department in the format attached as **Annexure-A**.
3. The same should be examined by the committee and a realistic AAC/EAR shall be proposed to PCMM for approval.

4. After approval of PCMM, AAC/EAR shall be fed in the system by HQ only and updated in IMMIS after vetting of AIS by Sr. AFA/S&W in IMMIS. No depot will feed any AIS for A Category items henceforth.
5. A mid-term review of AAC/EAR of A Category items shall be done by concerned CMM during the period September-October in every year particularly for slow-moving/items not getting consumed only to ensure that AAC/EAR is commensurate with the consumption.

F. Adhoc reduction of AAC/EAR at any time:

1. Regular review of AAC/EAR is one of the prime responsibilities of depot officers and they have to be watchful for such items where consumption is not in line with AAC/EAR. Depot officer may obtain list of slow-moving items from IREPS or “AAC/Consumption” module in depot queries tab in IMMIS.
2. Depot officers are fully empowered to propose reduction in AAC/EAR for such items at any time on their own to control the expenditure.
3. Purchase officers are also fully empowered to reduce the AAC/EAR of any such items where consumption is decreasing or where consumption is not in line with AAC/EAR.
4. Executive department also may propose curtailment of AAC/EAR to the concerned depot officer at any time as and when necessary, in order to prevent excess procurement.

G. Adhoc increase of AAC/EAR:

1. Normally AAC/EAR shall be proposed/fixed only once in a year as per Para B above.
2. However, in exceptional cases, if AAC/EAR is required to be revised more than once, such proposals should be initiated by concerned Shed In-charge/Branch Officer/JAG Officer and to be forwarded for approval of PCMM through concerned PHOD duly justifying the AAC/EAR as per **Annexure-A** and also why the proposed enhancement of AAC/EAR could not be done during regular review of AAC/EAR as per Para B above.

This is issued with the approval of PCMM/ECR/HJP.

**KISHOR
MALAKAR**

Digitally signed by
KISHOR MALAKAR

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(Kishor Malakar)

Sr. Materials Manager (C&W)

E. C. Railway, Hajipur

Authority File No: ECR-HQ0STR(ICIT)/0002/2024-O/o Dy.CMM/IV/HQ/ECR-Part(1)

Computer No: 300919

Copy for kind information to: All PHODs,
All DRMs,
FA&CAO/WST

Annexure-A**Justification Sheet of AAC/EAR**

01	PL No					
02	Item Description					
03	ABC Category					
04	Vital/Safety/Passenger Necessity/Must Change etc.					
05	Stocking Depot					
06	Consumption Pattern	21-22	22-23	23-24	24-25	24-25 (Extrapolated)
07	Max Consumption				Previous AAC/EAR	
08	AAC/EAR Proposed	For FY 25-26	% above Max Consumption	For FY 26-27	% above Max Consumption	
09	Why EAR is much more than Maximum consumption?					
10	Is current year consumption commensurate with EAR? If not, why?					
11	Quantitative analysis of basis of EAR. (Note: The analysis of items required for rolling stock which may be phased out shortly or items likely to be in disuse in next few years may be done with extra Caution to ensure that the item is not rendered surplus.)					
12	BAR					
13	Additional Fund Requirement					
14	Provisioning of additional fund					

(Signature)

Shed In-charge/Branch Officer/JAG Officer

(Signature)

Stores Depot Officer

