

EAST CENTRAL RAILWAY

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

Stores Instruction No: 136 dated 22.04.2025

**All Stores Officers,
E. C. Railway**

Sub: Calculation of NPQ (Net Procurable Quantity)

Large difference in Annual issue value and total AAC/EAR value of Stock items in ECR indicates that AAC/EAR of items was not fixed keeping in view the actual requirement of the items and their past consumption. Procurement of items based on unrealistic AAC/EAR not commensurate to the actual requirement will ultimately result in high level of inventory.

In order to ensure procurement of items as per actual requirement, following consolidated instruction are hereby issued:

1. It must be ensured that AAC/EAR of all items is reviewed every year as per Stores Instruction No 132 dated 11.02.2025. Before initiating procurement of any item, concerned dealer of purchase section shall check whether AAC has been updated within last 01 year and after 01.01.2025 or not and if not, he/she shall first put up proposal for review of AAC. He/she shall also ensure that no request from stocking depot for reduction of AAC is pending in IMMIS. Confirmation to this effect shall be given by dealer of P-Section while preparing PP in IMMIS. The same shall also be seen by the purchase officers at the time of finalization of tender.
2. NPQ calculation is **MANDATORY** for arriving at the tender quantity at time of processing of tender and also at the time of finalization of tenders.
- 2.1. **FOR TC CASES:** While calculating the NPQ, TC shall examine whether the AAC/EAR is realistic and commensurate with consumption pattern. If there is large variation in AAC/EAR with respect to the consumption pattern, procurement quantity may be curtailed judiciously.
- 2.2. **FOR DA CASES:**
 - i) **For A & B Category items:** If AAC/EAR is more than 50% of the maximum consumption in any of the last 03 completed FY and current FY (extrapolated on pro-rata basis to account for 12 months in cases where atleast 3 month's consumption is established), procurement should be restricted to NPQ calculated by considering AAC/EAR as 50% over the maximum consumption [in last 03 FYs and current FY (extrapolated on pro-rata basis in cases where atleast 3 month's consumption is established)].
 - ii) **For C Category items:** If AAC/EAR is more than 100% of the maximum consumption in any of the last 03 completed FY and current FY (extrapolated on pro-rata basis to account for 12 months

in cases where atleast 3 month's consumption is established), procurement should be restricted to NPQ calculated by considering AAC/EAR as 100% over the maximum consumption [in last 03 FYs and current FY (extrapolated to 12 years in cases where atleast 3 month's consumption is established)].

iii) **For D Category items:** NPQ should be arrived at after due application of mind and judicious review of AAC/EAR.

3. Consumption pattern/out of stock period/criticality of the item should be kept in mind while deciding the NPQ.

If procurement is required to be done in excess to the escalation limits mentioned above, approval of NPQ shall be obtained from one stage higher than the TAA before floating of tender itself. Detailed justification for procurement in excess to the escalation limit should be furnished at the time of seeking approval.

4. The above procedure for arriving at NPQ shall not be applicable for must change items for which procurement may be done as per AAC advised by executive department.
5. Stock in UDM over 02 months requirement should be considered in NPQ calculation and procurable quantity should be curtailed accordingly as per Stores Instruction No 119 dated 25.04.2024 or as amended from time to time.
6. Ordinarily first procurement of new items shall be restricted to 06 months requirements only and once the consumption pattern stabilizes, procurement may be done as per NPQ. However, for following cases, first procurement of new items up to 01 AAC is permitted:
 - i) If item is of safety/must change nature.
 - ii) If item is new to one depot but regularly being consumed in other depots of ECR.
 - iii) If item is new to ECR but regularly being consumed in other railways.
 - iv) If total AAC value of the item is less than Rs. 5 Lakh.
7. Purchase officers shall monitor the adequacy of coverage on monthly basis and in case of shortfall due to increased consumption, supplementary procurement may be done.

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

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MALAKAR** Digitally signed by
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