



MANAKULA VINAYAGAR

INSTITUTE OF TECHNOLOGY

(An Autonomous Institution)

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MVIT - PURCHASE POLICY

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PREFACE

Manakula Vinayagar Institute of Technology is a renowned Engineering Institution in Puducherry Region. It governs all its activities effectively and efficiently to ensure its purpose, for the benefit of Teaching and Learning Community. It is identified as an Institution with eminent Infrastructure, teaching – Learning resources, Laboratories, etc. All the above have been made possible only with its Purchase policy, which has been drafted to encompass all the activities and formalities involved in purchasing the requirements of the Institution.

This Purchase policy serves as guideline for executing the purchase activity without any delineation to support the routine activity of the Institution.

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Purchase Policy

A Purchase Committee is constituted to review and evaluate the purchasing documentation with the objective is to recommend the most appropriate supplier or service Provider based on price, quality, stock availability, references, credentials etc.

1. Objectives:

- Analyzing the purchase requirements and quotations submitted by vendors.
- Analyzing the comparative statements and negotiating with vendors.
- Recommending for order placement and provide support to the department in procurement of goods / services in efficient, economic and transparent manner.
- To facilitate the management in allocation of the required funds needed for the procurements.

2. Constitution of Purchase Committee

The Purchase committee would be constituted with following members

- **Chairman – Principal**
- **Coordinators – Heads of Departments**
- **Members – Senior Faculty members / Lab Instructors**

3. Roles and Responsibilities

The roles and responsibilities of the Purchase Committee should include;

1. The HoDs of departments concerned / Lab In-charge / Lab Technicians should make arrangements for getting the quotations based on the intended specifications with respect to Lab requirements.
2. Comparative chart is prepared based on the recommendations of the department, usually by the respective HoD,
3. Purchase committee will deliberate on the quotations, specifications and negotiate with vendors and recommend the suitable vendor for the procurement.
4. The committee meets as and when needed to discuss about the market conditions and explore possibilities of identifying new sources of supply at competitive / economical / subsidised rates.

4. Definition of Goods

The definition 'goods' includes all articles, material, commodities, spares, instruments, machinery, equipment's etc., purchased or otherwise acquired for the use of Institute including books, publications, periodicals, etc. for a library.

Every purchase case should be initiated on receipt of a written requirement/ requisition with the detailed specification.

5. Purchase procedure

The Institution may follow procedures given below:

Non- Centralized Goods / Services – Department related Centralized Goods / Services – Computers & accessories, Stationery, Electrical items, Furniture & Fixtures, raw materials, AC, Refrigerator, carpentry items, purchase of sports pamphlets, materials, fittings, plumbing materials and printing of All the purchase of material and services will be made through the normal purchase procedure as indicated below:

- Prepare the list of equipment to be purchased and the list of suppliers.
- Submit the proposal along with the budget and get the approval for the purchase from the Principal.
- Send the enquiry letter to the companies, specify the due date and the superscription to be made.
- Open the quotation after the due date, in front of Principal and prepare the comparative statement.
- The comparative statement must be submitted to the office after signed by the concerned lab in-charge and HOD and it should be checked with the quotation by the accountant and signed.
- The Lab in-charges and HOD may discuss with the Principal about the companies whose product can be considered, the purchase committee can be constituted and the first level price negotiation can be done with the companies by the Purchase committee.
- The final price negotiation will be done by our Chairman & Managing Director and minutes of the purchase committee meeting must be prepared and it should be approved by the Management.
- Based on the approval, order may be placed with that company. In the order, terms and conditions must be clearly mentioned. Purchase order will be prepared by the concerned lab in-charge(in the dummy letter head) and get it signed by Principal and to be submitted to the stores. Store keeper must prepare the purchase order (original) and get the approval from our Chairman & Managing director.

6. Approved Items

The purchase for the following items may be made at their fixed rates without the call of quotations with the due sanction of the Expenditure by the Principal

- Stationery
- Electrical items – Materials for Internet & Electric cables
- Raw materials
- Carpentry items
- Printing of pamphlets

7. Purchase Limits / Approval Powers of Principal

The Principal shall be competent to incur expenditure within the provision included in the budget estimates, pass bills and make payments relating thereto. He shall also pass the bills for making payments as forwarded by the HoDs in accordance with the powers delegated to them.

The details of financial powers to be exercised by the Principal, is as under: -

1.	Purchase on lowest quotation basis	Full Powers
2.	Lower of two/ higher quotation basis	Rs.25,000/-
3.	Single quotation basis	Rs.25,000/-
4.	Emergent purchase without quotation	Rs.25,000/-
5.	Writing off of losses in case of unserviceable articles	Rs.10,000/-
6.	Writing off of Losses	Rs.10,000/-
7.	Execution of work / maintenance	Rs.25,000/-
8.	Journey by Taxi	Full powers on approved rates against entitlement in respect of journey for attending meeting of the Executive Bodies of the other Institution and authorized meetings.
9.	Drawal of Advances	Up to Rs.10,000/-
10.	Journey out of Project Funds	Full powers

8. Purchase Limits / Approval Powers of the Head of the Departments

HoDs can incur expenditure within the provision included in the Budget Estimate

- All HoDs can spend up to Rs.3,000/- (Without Quotation) and up to Rs.10,000/- (Lowest Quotation)
- Librarian can spend up to Rs.3,000/-

The Librarian shall make purchases of books and periodicals for the Institution Library within the sanctioned Budget Grant, on the recommendation of the HoDs of Departments concerned and in accordance with allocations made by the Library. For general books, the Librarian shall make purchases with the approval of Library Committee and the Principal.

Stationery shall be supplied generally by the Institution for which the Head of the Department shall send an indent to the Institution's Store through the Principal. The supply will be made according to the requirements up to the extent of existing budget provision. Heads of the Depts. would exercise their powers relating to the purchase of stationery only after obtaining a certificate of non-availability of stationery from the Institution's store.

9. Minimum Three Quotations

All requests for purchase of non-recurring assets should contain minimum three quotations, a comparative statement after preliminary discussions have been made with the supplier, with regard to statement of quality, quantity, and alternative means of substitution and also the current trends in the market. Obsolete items should not be purchased. Unless the purchase is cleared by the Purchase Committee, the request should not be forwarded

- Irrespective of any of the above procedure adopted for purchase minimum Three Quotations will be required, for effecting the purchase on reasonable rate unless, otherwise, it is not possible to obtain three quotations for the reasons to be recorded and approved by the Principal.
- Every effort be made to ensure the purchase on the lowest quotation basis and if it is not possible and the purchase is proposed to be made on single quotation, lower of two or on higher rates the reasons there of may be recorded in writing while seeking sanction.
- To ensure that the interests of the Institution are well-safe guarded, comprehensive Proforma for Notice Inviting Quotations can be used. The Departments may incorporate any additional conditions as per their

requirements to safeguard their interest.

- At least fifteen days of clear notice is given excluding the day of dispatch and receipt at the time of floating quotations. The steps be taken well in advance, so as to ensure that if the response in the first instance is poor there is enough time for re- inviting the quotations.
- To achieve the above, departments may maintain an exhaustive list of firms - manufacturing/ dealing in the materials required by them and they should update their lists with the help of trade directories/ Year Book available in the Library, apart from calling the information from the sister Institutions.
- Full specifications of the items required be given in the enquiry letter mentioning all the requirement of size, quality of material brands to be used etc. depending upon the nature of the item.
- It may be ensured that the letters inviting quotations are dispatched under certificate of posting, courier or through E-mail. The envelope / E-mail copy received with the quotations may invariably be preserved and attached with the respective quotations.
- The quotations may be received by the HoD's or the person in-charge for procuring articles. HoD's may consolidate the quotation for a particular item and submit to the purchase committee. The purchase committee fixes the schedule to conduct meeting in order to go through the quotations received and finalize the vendor after due negotiation.

The purchase committee shall submit the proceedings of the negotiation to the Principal with recommendations to place the orders with the designated vendors. The Principal shall authorize the HoD's of the intender to place order for the items. The Principal shall have the power to cancel the order in case the vendor has not supplied in-time and not meeting the specifications. In such case, the Principal shall refer to the purchase committee to place order to other vendors.

10. Repair of Air Conditioning/ Refrigeration Equipment, Electrical Motors

The repair of Air- Conditioning / Refrigeration Equipment and Electrical motors be got done through the Maintenance unit. The department may inform the maintenance unit for maintenance and repair. The maintenance unit will depute the representative for follow-up. The payment of repair charges will, however, be made by the Principal.

11. Repair of Scientific Instruments/ Equipment's/ Apparatus

The HoDs of the departments have powers to repair or service Scientific Instruments/ Equipment's/ Apparatus.

12. Instructions for Purchase Committees

The Purchase Committee shall observe the following guidelines for strict compliance: -

- a. The purchase committee will collect at least three quotations and would effect the purchase at the lowest Quoted price as far as possible. If, it is not possible to collect the quotations in writing the Purchase Committee will invariably record reasons for the same in Purchase requisition letter.
- b. While recording the proceedings it will be ensured that all the details are recorded in the proceedings giving the nomenclature of items purchased, their make & model, quantity, rates and incidentals paid there on. The dates of journey of the Purchase Committee, amount of advance drawn with date and amount refunded as unspent balance with date be also indicated.
- c. The Purchase Committee are constituted to effect the purchases and not only to approve the rates. As such if the material is not available at that time and the purchase committee has only placed the order then the proceedings be recorded. The user Departments and one of the members of the Purchase Committee to be nominated by the said Committee for the purpose will certify after the receipt of the material categorically stating there in that the material ordered, has been received by the Department in accordance with the quantity and quality for which the order was placed.
- d. It will be joint responsibility of all the members in the Purchase Committee to ensure that the instructions are followed strictly and every possible care is taken to ensure in the best interests of the Institution. The technical members on the Committee will, however, be responsible to ensure that the material has been purchased in accordance with the specification/ quality
- e. The GST may be kept in mind before finalizing the cost.
- f. The purchase committee is also required to submit the status report to the Principal within three working days.

The purchase /financial rules and the administrative instructions issued from time to time will have to be kept in view.

13. Import Cases

Unless otherwise considered necessary, the import of equipment will be made only for such items on which the benefit of exemption from the payment of Custom Duty can be availed under the Pass Book system after obtaining Certificate of Registration and Certificate of Custom Duty Exemption from the Trust/Principal

14. Statutory Deduction of Income Tax at Source

Statutory Deduction of Income Tax is required to be made at source and on other payments as may required under Income Tax Act from time to time.

15. Sanction for incurring expenditure

Nothing contained in these rules should be construed to convey any sanction or to be cited as an authority in incurring expenditure. Sanction of the competent authority is to be obtained invariably in advance before incurring expenditure against the approved budget allocation.

16. Frequency of Meetings

The Purchase Committee shall meet as and when needed.

17. Tenure of the Purchase Committee

The Tenure of a Purchase Committee would be 1 Year. Principal, if not satisfied with the performance of the existing Committee, may reduce its tenure, and if satisfied, may extend the tenure for another three years.

18. Stock Assessment and Collection of Requirements

A. Stock Assessment

Timely anticipation of requirements, estimation of demand, purchase and maintenance of adequate stock for a reasonable period is the necessary elements required to be built in the purchase system. Over-stocking and the associated loss owing to depreciation or deterioration in quality in stock must be avoided. Demands of Departments should be first discussed in the Departmental Committee before the proposal for purchase is submitted.

B. Collection of Requirements

The Principal shall, therefore, issue circulars to collect requirements from all the Departments/ Offices in the month of April, consolidate the requirements of common items, and take necessary actions for effecting purchases or finalizing rate contracts well in time to avoid hardships to the Departments or last minute

rush for purchases. The HOD in consultation with the Departmental Committee shall send the demands within the time frame failing which they will be responsible for delay in purchase or lapse of funds.

The indenting Departments shall submit their requirements with detailed specifications to the Principal in the prescribed Performa.

C. Inspection of the material

The material shall be inspected by the Sub- Committee entrusted with the responsibility to purchase. The Inspection Committee shall record the following certificate on the Invoice: -

- Certificate to be recorded if installation is not required
- Certified that the material has been inspected and found as per specifications given in the order”.
- “Certified, that the material has been inspected and installed. The specifications and the quantity of the material are same as given in the order and installation is satisfactory”.

19. Sanction for Incurring Expenditure

The HOD shall obtain administrative approval to incur expenditure against the approved budget allocation as defined in “Delegation of Financial Powers”. A request for obtaining sanction of the Principal would be submitted. The Principal shall process the case for purchase after obtaining approval from the indenting Department.

20. Stock Entry

After the delivery of equipment, first Gate entry should be made, then main store stock entry. After this, store keeper must transfer the items to the concerned department. In the department, the conditions of the equipment must be checked by the concerned lab in-charge and HOD and the stock must be entered in the stock register after checking the bills.

The Departments shall take all the items- purchased or received on stock in the Stock Registers. Articles of permanent nature shall be entered in the Permanent Stock Register, while consumable articles shall be entered in the Consumable Stock Register. The details such as name of the article, quantity, specifications, serial No. of the equipment, cost, bill no., date of purchase etc. shall be entered in the stock registers.

21. Drawal of Temporary advances for purchase of Store items

The Principal shall be competent to sanction temporary advances.

- a. The advance shall be drawn after obtaining administrative approval and financial sanction of the authority for the purchase of item(s). It shall be utilized within a month from the date of its drawal. In case the advance is not utilized within the stipulated period, it shall be deposited in the Institution account unless the sanction of the Principal has been obtained to retain it beyond this period.
- b. That advance will be utilized for the purpose for which it is drawn.
- c. The unspent amount of advance shall be deposited in the Institution account immediately after the transaction has been completed, but in no case later than seven days from the date of the last payment made
- d. The accounts of advance should be submitted for adjustments after the date of the last payment and will be got adjusted within 15 days from the date of last payment. The Officer/ Official who has drawn the advance shall be personally responsible for its timely adjustment. An advance drawn for the purpose of opening of Letter of Credit in the Bank for making advance payment for import of material shall be got adjusted within one month from the date of receipt of such material in the Institution.
- e. Ordinarily, not more than three temporary advances will be sanctioned until the advance already drawn have been got adjusted. The Finance Officer may, however, sanction two additional temporary advance(s) considering the special circumstances of the given case. The limit of advances in the case of Purchase by the department / Store Purchase Office shall not exceed ten thousand. The approval of the Principal may be obtained if the no. of advances exceeds the prescribed limits. However, the Principal shall be competent to modify this rule.

22. Purchase of Non- Centralized Items

All the non-centralized items i.e. the items other than the centrally stored items shall be purchased by PC on case to case basis by inviting quotations.

23. Cycle of Rate Contracts

The cycle of Rate Contract shall, as far as possible, be for a period of one year from first day of October to the last day of September. However, this cycle may change depending upon the circumstances. The PC shall ensure that all rate contracts are in position one

month before the expiry date of the existing rate contracts. All the rate contracts, finalized by the PC, shall be circulated amongst the Depts. after verification by the Audit.

24. Transparency, competitiveness, fairness and elimination of arbitrariness in purchase

The following criteria shall be followed to maintain transparency, competitiveness, fairness and eliminate arbitrariness in purchases:

- a. At least 15 (fifteen) days clear notice excluding the dates of dispatch and receipt shall be given for filing of quotations.
- b. Quotation shall be self- contained and comprehensive, and full specifications/ details of goods shall be clearly spelt out without any ambiguity.
- c. All the Quotations shall be sent to the prospective suppliers.
- d. The HoD's may open the quotations.

25. Payments

As far as possible, all purchases shall be made on credit/ bill basis. However, payments may be made against delivery after satisfactory installation and inspection report where the suppliers do not agree to make supply on credit. To ensure that the firm does not hesitate from supplying the material on bill basis, and to enlist their full cooperation and earn good will, the payment of all bills shall be made within the stipulated period.

1. After delivery of the Purchases made, the bills may be passed by the Department to the stores and accounts section only after ascertaining that there is no pending issues related with the equipment supplied by the company on earlier occasions.
2. The account section may pass the bills to the Management for payment approval, after checking the bills with purchase order and also with the advance amount if any, paid already.
3. The payment information must be communicated to the HODs by the account section or the HODs must enquire about the status of the bill payment in the office for their information.
4. For consumable purchase, the lab in-charges and HODs must submit the price list along with the list of items to be purchased and get the approval. The price list or quotation can be obtained from two or three shops.



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