

CHAPTER-5

RECEIPTS, INSPECTION AND ACCEPTENCE OF STORES

5.1 INTRODUCTION

Receiving material from suppliers is one of the important responsibilities of Stores Unit. The supplier can be from within the country or from foreign country. The formalities of receiving supplies from Indian suppliers and foreign suppliers are different. The Indian suppliers can further be divided into local suppliers and out station suppliers. The procedure of receiving supplies from outstation vendors is not as simple as a local receipt whereas supplies from foreign vendors are very complex requiring specialised treatment and documentation.

The material receipt can be broadly categorized as local receipt, upcountry receipt and foreign receipts. The receipt can also be divided according to the mode of transportation or medium through which materials are transshipped. The receipt can also be divided according to the authority in which supply made i.e. against purchase order, work order, cash purchases, through Government e-Market (GeM), MoU, etc.

Supply can also be internal supply i.e. material returned by the user, item fabricated departmentally and item for safe custody.

It must be born in mind that material receiving activities are the beginning of physical handling of material and this activity ends with consumption of item or final disposal, depending on whether the item is consumable or otherwise. It is necessary that at the receipt stage extreme care must be taken to ensure that the supply received is in right quantity, right quality, at right time and meets all the requirements specified in the contract.

The receiving process may vary depending on the mode of receipt. The various modes of receipts are

- a. Directly from suppliers on free delivery cases, mostly local suppliers.
- b. Through courier
- c. Through post office
- d. Through road transport
- e. Through railways
- f. Through airways
- g. Through waterways

5.2 CONTRACTUAL TERMS GOVERNING DELIVERY OF MATERIAL

The contractual terms as to delivery plays important role in deciding the risk, responsibility and cost of material transportation and delivery. Before taking delivery of supply, the stores unit shall scrutinize the contract with regards to details like supplier, specification, quantity, rate, payment terms, delivery date, inspection requirements, certificate, etc.

5.2.1 **Delivery Date**

The purchase order or the work order is a valid contract between the purchaser and the contractor. Time is the essence of the contract, hence delivery date shall be strictly followed. Stores shall not accept any goods which do not have a valid PO/WO and if it is not delivered within the authorized delivery period.

5.2.2 **Contractor**

The purchase order or work order is a contract between purchaser and contractor and there is legal relation between these two parties. Unless specified otherwise in the contract, supply shall not be taken from a contractor other than the contractor with whom contract has been entered into.

5.2.3 **Delivery Terms**

The delivery terms indicated in the contract is relevant in terms of transportation and delivery of supply. The most accepted terms incorporated in contract placed on Indian suppliers are “Free delivery”.

5.2.3.1 Free delivery

In Contracts covered by free delivery clause, the price includes packing, transportation, unloading, and stacking at consignee’s premises. Hence the supplier shall be responsible for bringing the item to the consignee’s premises unloading and stacking thereof at their cost and risk.

5.2.4 **Quantity to be delivered**

Unless specified otherwise in the contract, the supplier is expected to deliver full quantity of supply in one delivery. Supplies made by the suppliers against Purchase Orders shall be exactly in accordance with the quantities stipulated in the order.

5.2.5 **Quantity Tolerance in Material Receipt**

5.2.5.1 Where the contract includes provision for quantity tolerance, the receipt shall be regularized accordingly. Receiving voucher shall be prepared for the *Challan* / Invoice quantity. The quantity indicated in RV shall be taken on charge in Stock Card. The difference between actual quantity and RV quantity shall be brought on / struck off by raising Certified Receiving Voucher / Certified Issue Voucher as the case may be, quoting this paragraph as authority.

5.3 **RECEIVING PROCESS**

5.3.1 **Directly from suppliers**

This mode of material receipts are mostly from contract placed on local supplier where in the supplier directly bring the material to the consignee without involvement of transport agency or other third party. The delivery documents are *challans*, invoice cum *challan*, etc. Indicating the supply detail like name of the supplier, *challan* number and date, departmental contract number and date, specification of the material, quantity for delivery, etc. The process of receiving includes:

- Scrutiny of delivery documents for correctness of supplier, contract reference, specification and quantity.
- Compare the document with original contract and confirm the correctness.
- Inspect the supply for its proper packing.
- Take delivery at the designated place.
- Make proper receiving label and attach with the packages.
- Acknowledge receipt of supplies received by the Stores Unit on the strength of a *challan* or a similar document presented by the supplier, which shall indicate name of the supplier, their reference no., contract number and date or any other authority against which the delivery is made with description of the material and delivered quantity.
- In case the packages are damaged or any deficiency / discrepancy observed at the time of taking delivery, indicate the same in the delivery *challan* while acknowledging the receipt and obtain the signature of supplier or his representative who brought the supply as a witness.
- In case any shortage observed at this stage, acknowledge the receipt only for the quantity received.

5.3.2 Through Government e-Marketing site (GeM)

The entire transaction related to GeM procurement/payment/monitoring is through online and the receipt shall be regularized as follows

1. The despatch alert received in e-mode shall be followed up.
2. The receipt of material/consignment shall be registered in the site immediately.
3. The inspection shall be arranged immediately as the right to rejection will be exhausted within a specified period.
4. The acceptance/rejection shall be recorded through the site and Consignee Receipt and Acceptance Certificate (CRAC) generated.
5. On the basis of CRAC, receiving voucher shall be prepared for accounting of material.
6. Disposal of rejected items shall be dealt with as per regular procedure.

5.3.3 Through Road Transport

Stores Unit, in many occasions, receives consignee copy of Lorry Receipt(LR) for material transported through road transport. As soon as LR is received it must be scrutinised for date of dispatch, number of packages, total weight of consignment, dimensions, and remarks if any.

Stores Unit shall maintain Consignment Inward Register (CIR) in Form no. DPS/SP/04 for incoming consignments. Details of the consignment shall be recorded in CIR on receipt of consignee copy of dispatch document.

In case of consignment/Parcel despatched through Post, the entry in the Consignment Inward Register shall be made on the basis of intimation received from the supplier.

Where consignee copy of dispatch documents is not received in advance, the entry in Consignment Inward Register shall be made on receipt of consignments.

CIR shall be reviewed daily and formal claims shall be preferred immediately, if there is delay in receipt of consignments/ Parcel.

Where the material is received through transport, clearing agent, courier etc., a stamp worded as follows shall be used:

Vehicle No.

Date

Time in

Time out

Consignment unloaded by Dept./ Transporter / Clearing Agent.

Received the consignment subject to remarks below :-

Remarks

Signature

Name

Desgn & Emp No.

Date

In case of consignment received in damaged condition or suspected damage, pilferage, shortage etc., the signature of the driver / carrier's representative shall be obtained just below the stamp, with his name and license number.

Stores Unit shall then lodge formal claim with the carrier/ underwriter/ suppliers, immediately, for non delivery / short delivery of consignment or material received in damaged condition.)

In case of door delivery LR, the local office of the transporter shall be contacted immediately to confirm the arrival of consignment at their end. They may be requested to make delivery immediately on arrival. In case of delivery against consignee copy, the consignee copy shall be surrendered to local office of the transporter and obtain proper acknowledgement. It must be ensured that consignee copy is surrendered only after the consignment has reached the destination station.

5.3.4 **Damage, shortages, or suspected damage**

While taking delivery from the transporter it must be ensured that the packages are in condition and the weight of the consignment is as per the LR. In case of any damage, suspected damage, leakage, or shortage open delivery will be taken. If the open delivery is taken at transporters premises, the presence of a technically qualified departmental official may be ensured. After open delivery, shortage/ damage certificate may be obtained for processing the claim.

If shortage, damage, etc. is observed while receiving the consignment at stores unit, an endorsement shall be made on the copy of LR with the additional signature of the driver or transporter's representative. Such consignments shall be opened without delay to confirm damage or shortage, if any. Before opening these consignments the transporter and supplier may be notified and their representative has to be involved in opening, if they opt for. Road transport consignment shall be acknowledged as per clause 6.3.3 given above.

5.3.5 **Through Railway**

When the consignment is dispatched by the consignor by rail, consignee copy of Railway Receipt/Parcel Way Bill(RR/PWB) is to be received by the consignee in advance. The Stores unit shall immediately register the LR or PWB in consignment inward register maintained as per clause 7.3.3 given above. And this register may be daily monitored. The consignment has to be collected by Stores Unit against RR from goods office of concerned Railway station. Open delivery has to be taken in case the consignment is received in damaged/suspected damaged condition. While conducting open delivery, Indenting Officer's representative or technically qualified departmental officer shall be present and for insured consignment, nominated Insurance Surveyor shall also be present. A proper open delivery certificate shall be obtained from Railway authorities and after open delivery, consignment may be collected. Suitable endorsement has to be made in the Goods Delivery Register maintained by Railways and signed by Stores representative. Similar endorsement has to be obtained on the Open Delivery Certificate to be issued by railway authorities.

5.3.6 **Through Air Ways**

When the inland consignment is despatched by the consignor by air, Air Way Bill (AWB) copy or intimation is received by the consignee in advance. The details of Air Way Bill may be registered in consignment inward register as per clause 7.3.3 given above. Since the arrival time of consignment by air is very minimum the stores unit may obtain copy of AWB by electronics mode and approach Air lines local cargo office with these copies for clearance of consignment. Open delivery to be taken in case the consignment is received in damaged condition or suspected damaged condition and suitable endorsement has to be made in the consignee copy as well as in carrier's copy of AWB. Whenever such consignments are covered by insurance, presence of a representative from the insurance company shall also be necessary.

5.3.7 **Through Courier**

Courier service providers bring the item to Stores Unit in a docket. The docket number, weight of the packet and consignee's details may be matched with the package before taking delivery. In case of any damage or shortage open delivery may be obtained and remarks endorsed on the docket with the delivery person's signature.

5.3.8 **Through Post Office**

Whenever Stores Unit receives intimation that supplies made through Indian Post, the details of such parcel may be indicated in consignment inward register as per clause 7.3.3 given above. The postal authorities bring the items to the consignee directly and delivery may be taken if the package is outwardly in good condition and the weight is as per the Parcel Receipt. However in case of insured post parcel the postal authorities may insist on taking the delivery from the post office. Even in normal case if the post parcel is found in damage condition the delivery may be taken from the post office after open delivery at post office and obtain inventory certificate. Whenever open delivery is involved technically qualified departmental official may be involved.

5.3.9 Through Water Ways

Bill of Lading is received by Stores Unit for goods transported through inland waterways. Such bill of lading may be registered in inward consignment register. On arrival of the consignment at destination port the same shall be cleared.

5.4 CLEARANCE/UNLOADING OF WAGONS CONTAINING STRATEGIC MATERIALS

In respect of stores arriving in full closed wagon, the in-charge of collection will check the wagon to confirm that the seals are intact. A Committee of departmental officers in the presence of railway/carrier's representative(s) will inspect the wagons containing strategic stores. The contents will then be unloaded and transported to the storehouse. The consignment will be transported under escort and/or in special purpose vehicle to ensure complete safety, whenever considered necessary as per the SOP made for the purpose.

5.5 REGISTRATION OF RECEIPT

Irrespective of mode of transportation, all supply received shall be registered in Goods Receipt Register(GRR)in form DPS/SP/06 and corresponding GRR number shall be indicated in the delivery document. The delivery document i.e. delivery *challan*, invoice cum delivery *challan*, invoice or in their absence packing slip shall be the base document for such registration. The goods delivery document should be complete in all respects. Whenever material receipt is acknowledged on the delivery document the original copy shall be retained in Stores Unit and Stores unit shall return one copy to the supplier/carrier duly acknowledged. All the items of stores received shall be entered in the register on the day of receipt and GRR number endorsed on the delivery *challan* / despatch documents.

An "Item Identification label / tag / barcode sticker", specimen given below, will be pasted / tied to the consignment(s) for identification.

GRR No.&Date : _____
Purchase Order no. _____
Description of Item: _____
Indenting Group/Division: _____
Package No

5.5.1 Heavy and Bulk items

With a view to avoid double handling, heavy and bulk items shall be directly delivered to end users or earmarked storage place. This will help in minimizing material handling cost and save time. Temperature sensitive items and special storage items shall also be delivered directly to end users or earmarked storage place.

5.6 PRELIMINARY INSPECTION OF RECEIPT

On receipt of the material, Stores Unit shall carry out preliminary inspection of the supply to confirm quantity and also to identify visual damage or defect. In case discrepancies are noted on such inspection, a Preliminary Discrepancy Report shall be prepared and sent to the supplier, the transporter, the contracting authority and the

indenting officer. In the preliminary discrepancy report it may be clearly indicated that report is preliminary and detailed report will be given after technical inspection of the item.

5.6.1 Intimation to User/ Inspecting Authority

Receipt of the consignment shall be intimated to the User Group/Inspection Agency on the same day or next working day by Stores Unit after verifying correctness of quantity and recording visual damage, if any.

Material Inspection Request (MIR) in Form No. DPS/SP/07 shall be forwarded to Indenting Officer for further inspection, to ensure that the supplies are in conformity with the purchase order specifications / conditions.

The Indenting Officer/ Inspecting Authority, shall return MIR to Stores Unit, duly signed, indicating the quantity accepted and quantity rejected with clear reason(s) for rejection(s)

5.7 DISCREPANCIES

On receipt of stores in the Unit, if a discrepancy is found to exist in the quantity, condition, type or quality of the stores received, after the consignments are opened, a Discrepancy Report (DR) shall be prepared as per DPS/SP/08. Prompt action will be taken within the specified days of the receipt of the consignment under intimation to the user.

All cases of discrepancies shall be pursued vigorously for early settlement. In cases where discrepancies are admitted and made good by the supplier, further action to regularize the receipt shall be taken accordingly.

In cases where discrepancies are not made good by the supplier, contracting authority may be requested to recover the cost of discrepancies from the supplier by adjusting the subsequent payments due or liquidation of BG/Security Deposit.

5.8 INSPECTION AND ACCEPTANCE

5.8.1 On completion of the inspection and acceptance, the User/Indenting Officer will submit Material Inspection Report (MIR) duly signed, certifying inspection and acceptance. In case, the Inspection Report has been submitted by the Inspecting Agency on a separate sheet / proforma indicating full details of the supply, it shall be considered as a MIR and further action shall be taken by the Stores accordingly.

5.8.2 If payment, either part or full, has been released, extra caution has to be taken to get the consignment inspected and accepted or rejected, as the case may be, at the earliest, if not possible on the spot.

5.8.3 Wherever installation and/or commissioning is involved and there is delay from the supplier beyond reasonable period, after stipulated period mentioned in the contract, the matter may be reported to the contract issuing authority to take up with the user section for alternative arrangement thereof.

5.9 **Receiving Voucher (RV)**

- 5.9.1 Items received in Unit are to be taken on charge as soon as it is received inspected and accepted.
- 5.9.2 Stores Unit shall prepare Receiving Voucher as per DPS/SP/14 on receipt of MIR from the User / Inspecting Authority if supplier has fulfilled all the terms and the conditions of the contract. The RV will be given to accounts, contracting authorities, indenting authorities, inspection agencies.

5.10 **REJECTED ITEMS**

In the event of items being found not acceptable technically, the User Group/Division will fill-up the quantity-rejected column in MIR and forward the same to Stores Unit.

The following actions will be taken:

On receipt of the MIR, Stores Unit will intimate the supplier with a copy to the concerned contracting authority and accounts section seeking replacement/rectification of the rejected stores at supplier's expense. In case of unfavourable response from the supplier, Stores Unit will forward one copy of DR to the contracting authority who has to initiate necessary action for recovery of the paid amount, as applicable. The item will be returned to the supplier on hearing from contracting authority/account section.

5.11 **MISCELLANEOUS RECEIPT**

- 5.11.1 There are occasions when Stores Units receive materials and services free of cost. Present day business culture offers discounts and freebies to customers by suppliers as marketing strategy. Government organizations are no exemption from such an environment as Department is buying many of these products.
- 5.11.2 Often samples submitted for evaluation are left uncollected by the parties and the Department is forced to take custody of the same. Project surplus / left over materials in usable / serviceable condition were at times left behind in the department premises by contractors in a rush to vacate the site.
- 5.11.3 Government does not encourage or implicate any transaction which offers free supplies and services as nothing is produced in this world without any inputs which has an economic value.
- 5.11.4 However, when services and giveaways are offered to the Department, as part of any contractual commitment from a party, the same may be received, accounted and properly utilized with the help of approved documentation.
- 5.11.5 Materials which are being received as free, by any means must be acknowledged with proper declaration on their *challan* / lawful documents, and shall be taken in to charge by raising an RV duly endorsed with remark "Free Supply - not for payment / only for ledger action"
- 5.11.6 The materials received as free supply must be inspected, accepted and usage identified in the department by a competent officer i.e. Head of the Division or In-charge of the Unit.