



GUIDELINES
FOR
CONDEMNATION AND DISPOSAL



**ALL INDIA INSTITUTE OF MEDICAL SCIENCES
RAIPUR**

आरोग्यम् सुख सम्पदा



GUIDELINES
FOR
COMPLETION AND ORGANIZATION

Edition	First (1st)
Version	1.0
Number of pages	16
Name of the Ratifying Committee	Committee for Condemnation Policy

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1.0 Introduction

Various items purchased by the Hospital/Centres/Departments become unserviceable or obsolete or beyond economic repair. Such goods are classified as surplus goods. The Hospital/Centres/Departments should dispose of such surplus goods at the earliest, to avoid unnecessary inventory carry cost, decrease in resale price of those goods, etc. The guidelines of the condemnation policy committee has been prepared to outline a process of condemnation and disposal of the above such items.

2.0 Broad Objectives

The broad objectives of the condemnation policy is to:

- i. Develop an institutional mechanism for condemnation and disposal.
- ii. Introduce efficient practices for condemnation and disposal.
- iii. Establish cost effective structure for life cycle of goods and optimum resource utilization and reutilization.

3.0 Definitions (in the context of condemnation and disposal policy)

- i. Condemnation: The process of discarding the institutional assets which are unfit for use as per the decision of the Institute.
- ii. Disposal: The process of liquidating the assets which are unfit for use by anyone after the condemnation.
- iii. Institute: All India Institute of Medical Sciences, Raipur

4.0 Criteria for condemnation of equipment

4.1 Obsolete:

Equipment may be declared obsolete on the basis of following category:

Technically obsolete: The equipment may be considered for condemnation when parts and service support are no longer available. A certificate from the manufacturer/authorized service agent may be obtained in this regard.

4.2 Hazardous equipment:

The safety of operating the equipment is paramount in considering the ergonomics of health scenario of medical / para medical personnel. Some of the equipment may become hazardous during the functionality of the equipment of the equipment over the years and their further use is not only unsafe to the patients but also to the staff using the equipment. Therefore it is essential that the competent authority keeps regular update on such equipment in a time bound manner, in terms of hazardous nature of equipment.

4.3 Beyond economical repair:

When recurring expenditure on equipment becomes more than the actual costs so that it becomes financially unviable. If total expenditure exceeds **50% of the current value including CMC/AMC expenditure** of the equipment, it should be condemned. Equipment may be repaired if concern department nod its approval.

Current value of the equipment means cost after depreciation.

4.4 Prescribed life by manufacturer:

The life of each equipment is to be considered as quoted by manufacturer in the supporting document. Where life of the equipment has not been prescribed/indicated by the manufacturer, warranty + CMC period decided at the time of purchase should ordinarily be taken as the life of the equipment.

4.5 Unforeseen reasons:

It is learnt from the past experience that unforeseen reasons are also responsible for damage of equipment. Equipment that has been damaged due to fire or any other unforeseen reasons needs to be certified as beyond repair by the authorised service agency, it should be considered for condemnation.

4.6 Miscellaneous:

4.6.1 If equipment becomes unserviceable due to mishandling fraud or mischief on the part of employee the item needs to be condemned and responsibility for the same should be fixed.

4.6.2 Equipment that has been damaged by contamination (e.g. fungal infection) to be considered for condemnation.

4.6.3 If equipment's use may be risky/problematic after repairing than equipment should be condemned.

4.7 Key points:

4.7.1 Condemned items should be stored at junk room of institute's stores.

4.7.2 Depreciation cost of equipment should be decided by Institute's finance department.

4.7.3 Equipment details (Purchase details, Installation date etc.) should be provided by end user department and stores. If unavailable than cost of the equipment will be decided by stores.

4.7.4 Condemnation process of equipment may be started by concerned departments/user department.

4.7.5 Condemnation process of miscellaneous items like patient waiting chairs, office furniture may be done by Stores itself.

4.7.6 Condemnation of equipment below Rs. 1,00,000/- will be done by Biomedical engineer (But documents of equipment should be provided by user department) and above Rs. 1,00,000/- will be done by HOD/User end/Concerned department.

5.0 Procedures for condemnation at AIIMS Raipur

5.1 Centre/Hospital/Departments/Sections may constitute their own Departmental Condemnation Committees for their departmental goods as below:

Condemnation Committee		
Centres/Hospital	Departments	Common Facility other than Department
1) One senior faculty member(nominated by Director AIIMS Raipur) as Chairman 2) Concerned Faculty/Officer-in-charge of the stores – Member Secy 3) Accounts officer concerned 4) Representative of Prof. I/C of Computer Facility (in case of computer related items)/ Sanitation Officer (in case of sanitation related items)/Transport Officer(in case of transport related items)/Assistant Engineer nominated by Superintendent Engineer (in case of engineering related items)	1) One senior faculty member(nominated by HOD) as Chairman 2) Concerned Faculty/Officer-in-charge of the stores – Member Secy 3) Representative of DD(A) 4) Representative of FA 5) Representative of Prof. I/C of Computer Facility (in case of computer related items)/ Sanitation Officer (in case of sanitation related items)/Transport Officer(in case of transport related items)/Assistant Engineer nominated by Superintendent Engineer (in case of engineering related items)	1) One Senior Group- 'A' officer/Faculty (nominated by Head of Section/Unit)as Chairman 2) Representative of DD(A) 3) Representative of FA 4) Representative of Prof. I/C of Computer Facility (in case of computer related items)/ Sanitation Officer (in case of sanitation related items)/Transport Officer(in case of transport related items)/Assistant Engineer nominated by Superintendent Engineer (in case of engineering related items)

5.2 The respective Condemnation Committee will recommend the goods for condemnation relating to their Centres/Hospitals/ Departments/Sections taking into consideration the prevailing guidelines for condemnation in the prescribed form given in **Clause 7.1**

5.3 For all items(medical equipment/allied accessories, nonmedical goods, E-waste and Hospital records) proposed to be condemned which are worth more than Rs. 10,00,000 (Rupees ten lakhs) but not more than Rs. 1,00,00,000 (Rupees one crore) of their initial purchase, an External Technical Expert will be nominated by the concerned Chairman and will be approved by the Director as is being followed in case of procurement.

5.4 In case of equipment worth more than Rs. 1,00,00,000 (Rupees one crore) of their initial purchase, two external experts from two different organizations will be nominated as per the procedure mentioned above.

5.5 The committee will ensure compliance with all the Rules as applicable to this segment of condemnable goods/items including that of the Central Pollution Control Board.

6.0 Procedure for Disposal at AIIMS Raipur

Disposal of condemned equipment would be taken care of by disposal committee as per provision outlined and would be independent of the Condemnation Committee.

6.1 In case of disposal of items of Centres/Hospital, once the goods are condemned declaring it obsolete/surplus/unserviceable/scrap etc., the auction may be conducted by the Disposal Committee.

6.1.1 In case of disposal of items of Departments/Sections/Common Facility, once the goods are condemned declaring it obsolete/surplus/unserviceable/scrap etc. the same may be sent for Disposal to Stores Section-DO in the prescribed proforma enclosed herewith, to enable them to take further necessary action for its disposal by the Auction Committee constituted by the Director AIIMS Raipur as under:

- i. Chairman to be nominated by Director, AIIMS Raipur
- ii. Representative of Financial Advisor as Member
- iii. Representative of Prof. I/C of Computer Facility (in case of computer related items)/ Sanitation Officer (in case of sanitation related items)/Transport Officer (in case of transport related items)/Assistant Engineer nominated by Superintendent Engineer (in case of engineering related items)
- iv. Senior Stores Officer(DO) as Member-Secretary

6.2 Comprehensive Instruction for disposal of surplus goods

Detailed comprehensive instructions for disposal of surplus goods are detailed below in subsequent clauses and the Hospital/Centres/Departments are to follow the same for this purpose.

6.3 Disposal of Surplus Goods
(Reference Rule 217 to 223 of GFR)

6.3.1 Disposal of Goods
(Reference Rule 217 of GFR)

- i. An item may be declared surplus or obsolete or unserviceable if the same is of no use. The reasons for declaring the item surplus or obsolete or unserviceable should be recorded by the authority competent to purchase the item.
- ii. The competent authority may, at his discretion, constitute a committee at appropriate level to declare item(s) as surplus or obsolete or unserviceable.

- iii. The book value, guiding price and reserved price, which will be required while disposing of the surplus goods, should also be worked out. In case where it is not possible to work out the book value, the original purchase price of the goods in question may be utilized. A report of stores for disposal shall be prepared in Form GFR-10 given in **Clause 7.2**
- iv. In case an item becomes unserviceable due to negligence, fraud or mischief on the part of an employee, responsibility for the same should be fixed.
- v. Sale of hazardous waste/Scrap batteries/ Electronic waste: Scrap lots comprising of hazardous waste, batteries etc should be sold keeping in view the exact guidelines of Ministry of Environment & Forest. Prospective bidders of such lots of hazardous waste/scrap batteries/e-waste should be in possession of registration, valid on the date of e-Auction and on the date of delivery, as recycler/preprocessor agency.

6.3.2 Modes of Disposal (Reference Rule 218 of GFR)

- i. Surplus or obsolete or unserviceable goods of assessed residual value above Rupees Two Lakh should be disposed of by:
 - a) Obtaining bids through advertised tender or
 - b) Public auction
- ii. For surplus or obsolete or unserviceable goods with residual value less than Rupees Two Lakh, the mode of disposal will be determined by the competent authority, keeping in view the necessity to avoid accumulation of such goods and consequential blockage of space and, also, deterioration in value of goods to be disposed of. Institute should as far as possible prepare a list of such goods.
- iii. Certain surplus or obsolete or unserviceable goods such as expired medicine, food grain, ammunition etc., which are hazardous or unfit for human consumption, should be disposed of or destroyed immediately by adopting suitable mode so as to avoid any health hazard and/or environmental pollution and also the possibility of misuse of such goods.
- iv. Surplus or obsolete or unserviceable goods, equipment and documents, which involve security concerns(e.g. currency, negotiable instruments, receipt books, stamps, security press etc.) should be disposed of/destroyed in an appropriate manner to ensure compliance with rules relating to official secrets as well as financial prudence.

6.3.3 Disposal through Advertised Tender (Reference Rule 219 of GFR)

- i. The broad steps to be adopted for this purpose are as follows:
 - a) Preparation of bidding documents.
 - b) Invitation of tender for the surplus goods to be sold.
 - c) Opening of bids
 - d) Analysis and evaluation of bids received.
 - e) Selection of highest responsive bidder.
 - f) Collection of sale value from the selected bidder.
 - g) Issue of sale release order to the selected bidder.
 - h) Release of the sold surplus goods to the selected bidder.
 - i) Return of bid security to the unsuccessful bidders.
- ii. The important aspects to be kept in view while disposing the goods through advertised tender are as under:
 - a) The basic principle for sale of such goods through advertised tender is ensuring transparency, competition, fairness and elimination of discretion. Wide publicity should be ensured of the sale plan and the goods to be sold. All the required terms and conditions of sale are to be incorporated in the bidding document comprehensively in plain and simple language. Applicability of GST, as relevant, should be clearly stated in the document.
 - b) The bidding document should also indicate the location and present condition of the goods so that the bidders can inspect the goods before bidding.
 - c) The bidders should be asked to furnish bid security along with their bids. The amount of bid security should ordinarily be ten percent of the assessed or reserved price of the goods. The exact bid security amount should be indicated in the bidding document.
 - d) The bid of the highest acceptable responsive bidder should normally be accepted. However, if the price offered by the bidder is not reasonable, negotiation may be held only with the bidder.
 - e) In case the total quantity to be disposed off cannot be taken up by the highest acceptable bidder, the remaining quantity may be offered to the next highest bidder(s) at the price offered by the highest acceptable bidder.

- f) Full payment should be obtained from the successful bidder before releasing the goods. The Bid Security of the successful bidder will only be released after completing the job in all respect.
 - g) In case the selected bidder does not show interest in lifting the goods, the bid security should be forfeited and other actions initiated including resale of the goods in question at the risk and cost of the defaulter, after obtaining legal advice.
- iii. Late bids, i.e. bids received after the specified date and time of receipt should not be considered.

6.3.4 Disposal through Auction (Reference Rule 220 of GFR)

- i. A Ministry or Department may undertake auction of goods to be disposed of either directly or through approved auctioneers.
- ii. The basic principles to be followed here are similar to those applicable for disposal through advertised tender so as to ensure transparency, competition, fairness and elimination of discretion. The auction plan including details of the goods to be auctioned and their location, applicable terms and conditions of the sale etc. should be given wide publicity in the same manner as is done in case of advertised tender.
- iii. While starting the auction process, the condition and location of the goods to be auctioned, applicable terms and conditions of sale etc. (as already indicated earlier while giving wide publicity for the same), should be announced again for the benefit of the assembled bidders.
- iv. During the auction process, acceptance or rejection of a bid should be announced immediately on the stroke of the hammer. If a bid is accepted, earnest money (not less than twenty-five per cent of the bid value) should immediately be taken on the spot from the successful bidder either in cash or in the form of Deposit-at-Call-Receipt (DACR), drawn in favor of the Ministry or Department selling the goods. The goods should be handed over to the successful bidder only after receiving the balance payment.
- v. The composition of the auction team will be decided by the competent authority. The team should however include an officer of the Internal Finance Wing of the department.

6.3.5 Disposal at scrap value or by other modes
(Reference Rule 221 of GFR)

If an Institute is unable to sell any surplus or obsolete or unserviceable item in spite of its attempts through advertised tender or auction, it may dispose of the same at its scrap value with the approval of the competent authority in consultation with Finance Division. In case, the Institute is unable to sell the item even at its scrap value, it may adopt any other mode of disposal including destruction of the item in an eco-friendly manner.

6.3.6 Sale Account
(Reference Rule 222 of GFR)

A sale account should be prepared for goods disposed of in Form GFR 11 (given in **Clause 7.3**) duly signed by the officer who supervised the sale or auction.

6.3.7 Write Off and Losses
(Reference Rule 223 of GFR)

1) **Powers to write off:**

All profits and losses due to revaluation, stock-taking or other causes shall be duly recorded and adjusted where necessary. Formal sanction of the competent authority shall be obtained in respect of losses, even though no formal correction or adjustment in government accounts is involved. Power to write off of losses are available under the Delegation of Financial Powers Rules, 1978.

2) **Losses due to depreciation:**

Losses due to depreciation shall be analyzed, and recorded under following heads, as applicable:

- i. Normal fluctuation of market prices;
- ii. Normal wear and tear;
- iii. Lack of foresight in regulating purchases; and
- iv. Negligence after purchase.

3) **Losses not due to depreciation:**

Losses not due to depreciation shall be grouped under the following heads:

- i. Losses due to theft or fraud;
- ii. Losses due to neglect;
- iii. Anticipated losses on account of obsolescence of stores or of purchases in excess of requirements;
- iv. Losses due to damage, and
- v. Losses due to extra ordinary situations under 'Force Majeure' conditions like fire, flood, enemy action, etc.

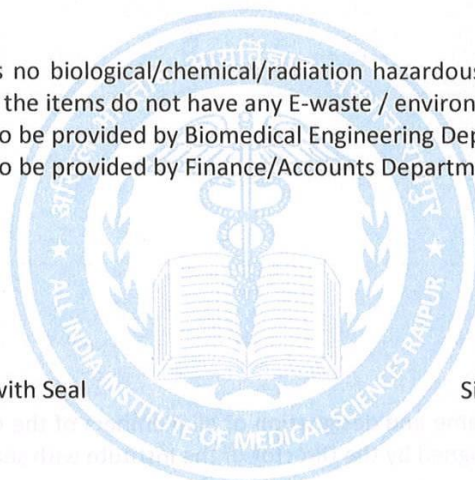
7.0 Forms for condemnation and disposal

7.1 Form of list of items proposed for condemnation

Name of Department.....

Sl No	Description of equipment with model number, make/ and serial number	Date of purchase/ installation	Total quantity	Unit price (IN R)	Total price (IN R)	Sr No and Page No of Stock register details	Reasons of condemnation(whether unserviceable/Obsolete/Surplus/Scrap/Beyond Economic Repair) Condemnation certificates issued by CPO(CWS)/CF in case of computer related items must be enclosed	Detail of warranty period as per contract/supply order and AMC/CMC period	Details of head under which the item was purchased & funds were booked.(whether M&E or M&S)	Estimated repairing cost (Inclusive tax)	Depreciation amount	Reserve price (Approx. Value in Rupees)	Remarks, if any
1	2	3	4	5	6	7	8	9	10	11	12	13	14

1. It is certified that there is no biological/chemical/radiation hazardous material in any of the items listed for disposal. Further the items do not have any E-waste / environmental hazardous item.
2. Certificate for column 11 to be provided by Biomedical Engineering Department.
3. Certificate for column 12 to be provided by Finance/Accounts Department.



Signature of HOD/In-charge with Seal

Signature of Stock Holder

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7.2 (Reference Form GFR 10 in rule no: 217(iii) of GFR)

REPORT OF SURPLUS, OBSOLETE AND UNSERVICEABLE STORES FOR DISPOSAL

Item No	Particulars of stores	Quantity /Weight	Book value/Original purchase price	Condition and year of purchase	Mode of disposal(sale, public auction or otherwise)	Remarks

Signature with date, name and designation of all members of the Condemnation Committee of the Institute, counter signed by the Director of the Institute with seal

7.3 (Reference form GFR 11 in rule no. 222 of GFR)

SALE ACCOUNT

Item No.	Particulars of Stores	Quantity/Weight	Name and full address of purchaser	Highest bid accepted	Highest bid rejected	Earnest money Realized on the spot	Date on which the complete amount is realized and credited into treasury	Whether the articles were actually handed over on the spot. If not, the actual date of handing over of the articles with quantities	Auctioneer's commission and acknowledgment for its payment
1	2	3	4	5	6	7	8	9	10

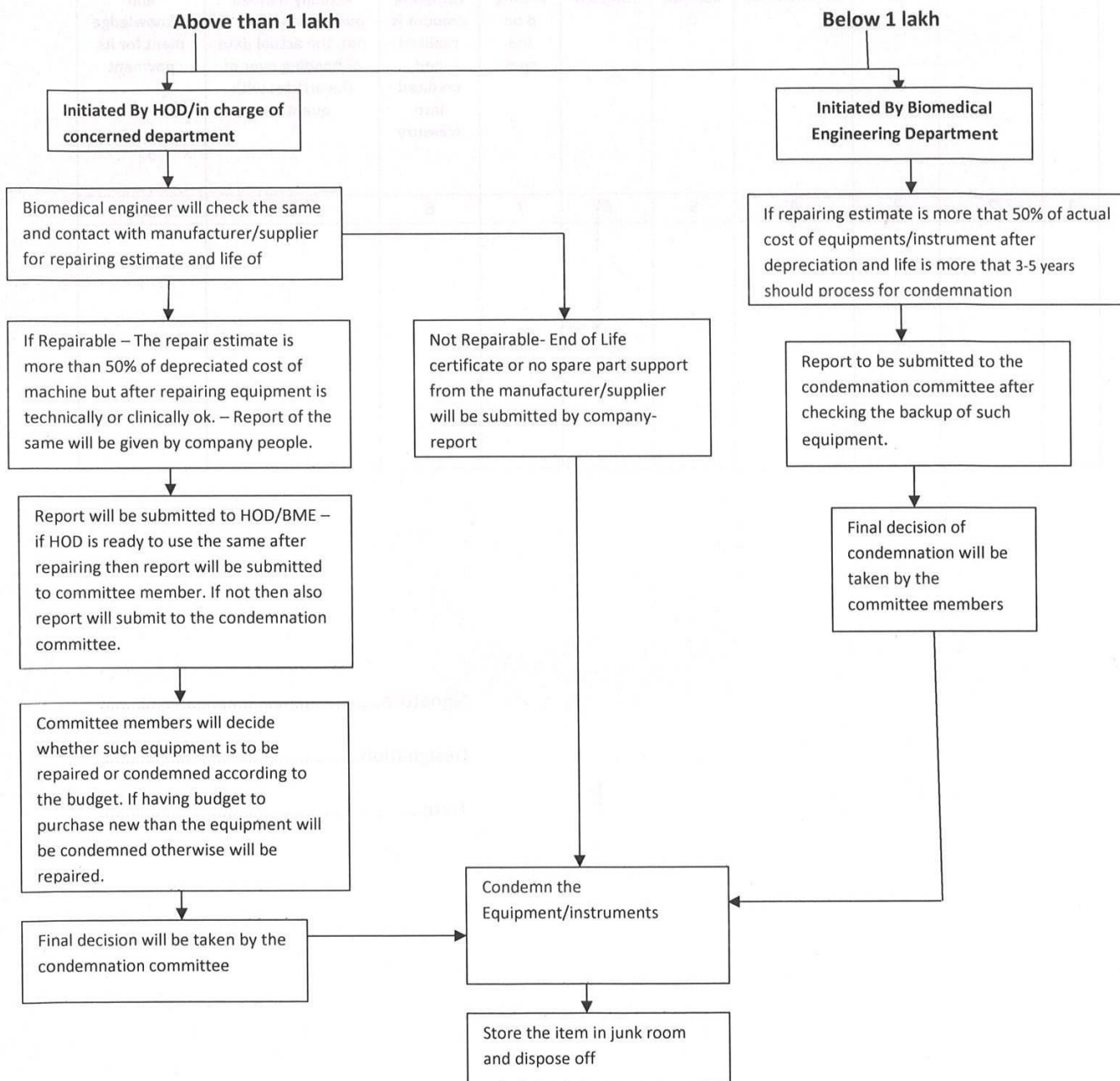


Signature.....

आरोग्यम् सुख सम्पत्ति
Designation.....

Date.....

Flow chart of Condemnation Process



8.0 Reference

- i. AIIMS Purchase manual 2018