

M.P.STATE ELECTRONICS DEVELOPMENT CORPORATION LTD.
147 Zone I M.P.Nagar Bhopal.

**HANDBOOK
OF
PURCHASE POLICY & PROCEDURES**

PURCHASE POLICY & PROCEDURES

Smooth functioning of a department is mostly dependent on a set of effective system and procedures. This script of procedure has been designed to achieve an efficient purchase function.

It is not possible to provide for every contingency in a document. The Chief Executive may issue detailed instructions consistent with the corporate policy, whenever considered necessary.

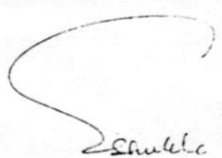
We hope that all departments concerned would make a sincere effort to acquaint themselves with the Purchase Procedure and inculcate an understanding of the Policy to achieve efficient functioning.

This document is meant only for the internal official use.

Suppliers, vendors and outside parties will not be permitted to cite this document or to quote any of its provisions, justify their acts or omissions in discharge or their obligations under the Law.

In any dynamic environment, procedures and systems have to be apace with the changes both external and internal. Any suggestion to improve efficiency of purchase function would, therefore, be always welcome.

Every effort will be made to keep this document up-to date by incorporating revisions and amendments made from time to time. It would be desirable that other users of this hand-book, also ensure to keep this document up-dated.


SANGEET SHUKLA
GENERAL MANAGER

INTRODUCTION

Materials Management is an important area of activity in modern industrial organisation. The main activity of Materials department is Purchase. Since Purchase function may spend as much as 50% to 60% of total revenue earnings of the organisation, it is imperative that the maximum value is obtained for every unit of expenditure.

Basic objective of a purchase function is to ensure continuity in supply of materials and services as well as to reduce the ultimate cost of the finished goods. To ensure this objective a large number of parameters have to be adhered to, such as right price, quantity, timing, source and quality.

Keeping in view the requirements of our organisation; systems and procedures are elaborated in this document for each step in the purchase function.

SCOPE

The procedure outlined below is to be followed by the manufacturing units of the Company, both in construction and operational phases, for procurement of equipment, materials and services and shall normally cover items listed below:

- a) Capital items like Plant and Machinery, Office Equipments, Furnitures and Fixtures, Mobile Equipments, Electrical Equipments, Communication Equipments, Vehicles etc.
- b) Raw materials, Components and Semi finished goods.
- c) Consumables like tools, oils and lubricants, office stationery, sanitary items and packing materials.
- d) Machinery Spares
- e) Items required for repairs and maintenance of plant and machinery, building etc.
- f) Contracts/arrangements for clearing, handling, loading and transportation of incoming materials.
- g) Contract for different construction activities.

RESPONSIBILITIES OF PURCHASE SECTION

1. Consolidation of Purchase Budgets of different departments.
2. Registration of suppliers and source development.
3. Processing and grouping of purchase requisitions.
4. Obtention of import licences/Exim Scrips.