

BANGLADESH RURAL ELECTRIFICATION BOARD,

PBS INSTRUCTION 100-27

STORES MANAGEMENT MANUAL

**BANGLADESH RURAL ELECTRIFICATION BOARD,
PBS INSTRUCTION 100-27**

Approval Date: 27/06/1979

Revision Date : 19/02/2020

SUBJECT: STORES MANAGEMENT MANUAL

General

The material and equipment incorporated in the construction of an electric network system represent a major portion of the capital invested in the system. Security of BREB loans is based on the value of the physical property of PBSs systems and the capability of the systems to deliver the power and energy required by the PBSs consumer-members, therefore, it is essential that adequate procedures be established and adopted by BREB and its PBSs to ensure that shipments of material and equipment are promptly and efficiently cleared through customs when necessary, inspected to ensure that deliveries correspond with orders, received into and stored in adequate warehouses with appropriate stock controls and records and moved to their point of use as needed to meet construction schedules.

The Store Management Manual has been prepared to provide the necessary directions and procedures for BREB and PBS personnel entrusted with this important phase of work.

I. INTRODUCTION

A.1. Any complete system of Store Management aimed at accomplishing a great variety of purposes. The following are the major gains can be achieved from a well- planned, well- administered system of Store Management.

- (a) Better Service to the using parties
- (b) A better balance among the items on hand
- (c) Reduce the costs by increasing use and making it possible for

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more economical ordering.

- (d) Reduce the costs of emergency purchasing.
- (e) Reduce the cost by preventing the buildup of inventories
- (f) Standardizing the stock items.
- (g) Minimizing losses from spoilage, deterioration, and obsolescence.
- (h) Reduction of clerical costs.

1. Two points that are fundamental in the development of a sound approach to stocking levels are:

- (a) Inventory Control is not necessarily keeping inventories at a minimum,
- (b) The importance of various stores control objectives may change with shifts in user's needs and fund availability, but the need for effective control of inventories is constant.

2. For better stores management the following activities to be done:

- (a) Screening special purchasing indents to ensure that they are not in stock.
- (b) Keeping forced use records.
- (c) Providing stock data and disposal lists to the proper authorities.
- (d) Post Stock records for on order, on hand, available and allocated transactions.
- (e) Maintaining a stock numbering and cataloging system
- (f) Establishing re-order points, economic order quantities,
- (g) Initiate pricing requests to the Accounts, Directorate.
- (h) Physical Inventories and initiate and compile spot checks of Inventory.
- (i) Creation and retention of stores replenishment indents.
- (j) Maintain latest applicable prices on stock records for all stock items and posting unit price on warehouse issue/returns (If possible).
- (k) To provide periodic reports for concerned offices; to control and plan all operations.
- (l) To provide data on stock items as required enabling the Directorate

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concerned to operate their functions and schedule projects.

- (m) To adhere to the stores control operating procedures and practices and initiate improvement through the approved channels.
- (n) Proper administration for proper operation of stores.
- (o) Maximize the servicing of orders on time and in full.
- (p) Minimize the cost of warehouse operations.
- (q) Maximize inventory turnover (i.e. minimize the time that materials stay in the warehouse)
- (r) Minimize response time to demand, and errors in dispatches.
- (s) Preserve the quality, value and security of the stored items.

II. INVENTORY CONTROL PRINCIPLES

For RE program, materials for construction of electric network system are procured considering the provision of 'Scope of work' in concerned DPP (Development Project Proposal). At present all procurement activities are initiated by the concerned Project Director's office. But overall material management of RE program is done by 'Material Planning and Standardizing Specification (MP&SS) Directorate of BREB. MP&SS directorate plays a vital role here in determining the items & quantities of materials to be procured for ongoing projects. To perform these activities MP&SS Directorate considers the item wise stock of materials in different Pally Bidyut Samity (PBS), DPP provision for procurement of different items, yearly Electric line and Sub-station construction target & also ADP budget for particular fiscal year. In case of procurement against different projects at a time, sometimes the basic principles of inventory management is not followed such as Re-order point, Economic order quantity (EOQ) but the main objectives of store management shall be maintained. Normally materials procured against different projects are received in BREB Central Warehouses but sometimes local manufacturers are allowed to deliver the materials

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(mostly poles) directly to the PBSs store to minimize the carrying cost of items. Other than Central Warehouses/ Stores, BREB may designate any place as Transit Store temporarily. Like Central Warehouses/ Stores, materials stored in transit stores are issued to project areas. The aim of Transit Store is to minimize carrying cost as well as time of carrying to the working site. BREB Central Warehouses/Stores including Transit Stores are operated under the control of Clearance, Storage & Movement (CS&M) Directorate. As MP&SS Directorate is responsible for overall material management, materials are allocated from Central Warehouses to different Project area/PBSs by MP&SS Directorate. After allocation, allocated materials are being carried by different carrying contractors appointed by the Director(CS&M). Carrying section of CS&M Directorate looks after the over all carrying activities. In case of material supplied from other countries and if consignee is BREB and if contract is FOB or C&F, 'clearance & insurance' section of CS&M Directorate takes necessary action to clear the materials from Custom Department of GOB.

Apart from those, the PBSs also procure different materials for operation and maintenance (O&M) and deposit works purpose as per DPP prepared by PBSs and approved by BREB. To continue uninterrupted power supply, all PBSs have to maintain a minimum stock level of all items required for O&M purpose. As in RE system about thousand type items are in a PBS Stores, it is not possible to pay same attention to each item. In order to overcome such complexity, items will be discriminated, so that degree of control can apply to each item that is appropriate to its level of importance. This requires specific methods of categorizing the items, that will provide an effective tools for optimizing service & stock levels. It is also essential for preparing disaster recovery plan.

ABC analysis has been used to set and control inventory levels for a long period, which is one of the most effective inventory management tools available. With this technique it can be categorized BREB items into 3(three) classes.

“A” Class items

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