

To: All Secretaries of Ministries  
Chief Secretaries of Provincial Councils,  
Heads of Departments,  
District Secretaries,  
Chairmen of State Corporations,  
Statutory Boards & Government Owned Companies

## **VEHICLE REQUIREMENTS OF GOVERNMENT AGENCIES**

In order to address the issue of non availability of adequate number of vehicles in Ministries, Departments or other government agencies it has been decided to allow purchase of a limited number of vehicles by using the sales proceeds of old/uneconomical vehicles and also to allow obtaining of vehicles on rent for a period of six months until a proper system of providing vehicles is evolved.

### **Purchase of vehicles to replace uneconomical vehicles.**

In view of the substantial amount of money that have to be spent on repairs to old/uneconomical vehicles, it is suggested, that the following procedure should be followed to dispose of such vehicles.

### **Identification of uneconomical vehicles.**

Special Board/Boards should be appointed by the Chief Accounting Officer (CAO)/Accounting Officer (AO) in terms of FR. 756(4) to identify the vehicles that are to be disposed of under the categories shown below and a schedule should be prepared by the officers-in-charge of the subject in the Departments/Ministries, providing available data, such as, cost of purchase, date of acquisition, engine capacity and mileage etc.,. Only the vehicles over 10 years from the date of registration should be considered for disposal under this circular.

Vehicles not in running condition and which cannot be repaired to be used in an economical manner.

- ◆ Vehicles not in running condition and can be repaired economically but not repaired or used since 01.01.2003.
- ◆ Vehicles in running condition but not in use since 01.01.2003. (Final decision on such vehicles should be taken by the CAO/AO or by an officer authorized by CAO/AO taking into account the recommendations of the Board of Survey)
- ◆ Excess pool vehicles not identified and disposed of in terms of the Circular letter No:MPDI/MPRD/Veh dated 11.10.2002 issued by the Secretary of the then Ministry of Policy Development and Implementation.

### **1.2 Valuation and Fixing of Upset Prices**

A Board/Boards of Valuation should be appointed by the CAO/AO to assess and fix upset prices for vehicles to be disposed of. The Board should comprise a minimum of three members, including an Engineer/Technical Officer and preferably an officer from the Valuation Department. This task may be entrusted to the same Board which is appointed to identify uneconomical vehicles. The upset price fixed will only be a guide and if the offers received are below the upset price, the CAO/AO could use his/her discretion and revise the upset price and ensure the disposal of vehicles.

### 1.3 Disposal of Vehicles

Subject to approval of the CAO/AO vehicles identified should be disposed of by following the open bidding procedure or by Public auctions. Tenders under the value of Rs. 20 million should be handled by the Departmental Tender Boards and tenders over the value of Rs. 20 million should be handled by the Ministry Tender Boards.

### 1.4 Accounting for Sales Proceeds

Total sales proceeds under this process should be credited to the Consolidated Fund and separate records should be maintained. An amount equal to total proceeds will be allocated to the respective Ministry/Department by the Treasury National Budget Department in the year 2004 in addition to the budgetary provisions approved under Annual Budget Estimates, to be used for the purchase of replacement vehicles.

Once the above programme is completed a detailed report should be submitted to the Director General of National Budget, with copies to Director General of State Accounts, Director General of Public Finance and Director of Public Enterprises. This process should be completed and all reports be forwarded to the Treasury by 31<sup>st</sup> December 2004.

### 1.5 Purchase of vehicles by using sales proceeds:

Head of Public Institution will be allowed to purchase cars, double cabs and other vehicles (other than jeeps) up to the value of sales proceeds subject to the following Cylinder capacity limits.

Cars up to 1600cc.

Double Cabs up to 3200cc.

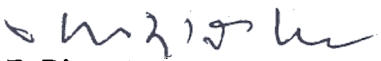
## 2. Obtaining vehicles on rent for a specific period.

In order to meet urgent requirements spending agencies are allowed to obtain vehicles on rent as specified in the Circular No. MPDI/MPRD/Veh. dated 11<sup>th</sup> October 2002 subject to the monthly rental limit of Rs.40,000/= excluding VAT.

With regard to the vehicle requirements of outstation officers, relevant Secretary or the Head of Department may obtain vehicles on rent and sent to these officers.

## 3. Clarifications :

Any clarification in this regard may be sought from the Director-General of Public Finance of the Treasury.

  
S.B. Divaratne  
Deputy Secretary to the Treasury

Copy to:

1. Auditor General
2. Director General of National Budget
3. Director General of State Accounts.