



GOVERNMENT OF KERALA
Finance (Expenditure-B) Department

CIRCULAR

No. 85/2018/Fin.

Dated, Thiruvananthapuram 15/09/2018

Sub:- Finance Department – Taking new vehicles on long-term lease by Government Department and other agencies – Guidelines Issued.

- Ref:- 1) G.O.(P) No. 442/2012/Fin dated 08/08/2012
2) G.O. (Ms) No. 72/2013/GAD dated 14/03/2013
3) G.O. (P) No. 515/2013/Fin dated 11/10/2013
4) G.O. (P) No. 66/2018/Fin dated 17/04/2018

As per the Government Order referred fourth paper above, directions were issued that new vehicles could be hired on long-term lease of five years by Departments in lieu of purchase of vehicles. Hon'ble Finance Minister in his Budget Speech 2018-19 had stated that hiring of vehicles could reduce the expenses by one third of the cost incurred for the purchase of the vehicles. In continuation of the above order, following guidelines are being issued for taking new vehicles on long-term lease by Government departments and other agencies.

i. Approval of Finance Department should be taken for taking new vehicles on long-term lease as is done for purchase of new vehicles. If there is no sanctioned post of driver in an organization, new vehicle should not be purchased. If that organization requires a vehicle, they should submit a proposal to the Government for taking a new vehicle on 5 year lease. Such lease should be taken only after Government approval. For Departments and organizations where there is a sanctioned post of driver, if an existing vehicle is to be condemned and replaced, with prior approval of Government in Finance Department, new vehicle could be purchased after condemning the old vehicle.

ii. The new vehicle to be taken on long-term lease for 5 years should be an unused vehicle. The vehicle should be supplied by the service provider along with driver on a monthly charge for specified minimum hours per day with specified minimum kilometre per month for a fixed charge. The contract should also include per hour and per kilometre charges beyond the minimum contracted payment. Fuel, maintenance etc. should be the responsibility of the service provider.

iii. Procedure for Hiring of such vehicles should be through a transparent bidding process. The department/organisation should publish the tender notice in a local newspaper with wide circulation giving a minimum of two weeks notice. The bidding criteria should be fixed considering hiring charges per month plus a certain number of excess driving hours and kilometre per month. The bidder need not own the vehicle while submitting the bid but should make it available within a certain number of days. The vehicle need not be a commercial vehicle. To ensure serious bids, EMD of Rs. 10,000/- should be insisted. If the vehicle becomes unserviceable or gets damaged during the lease period of 5 years, it should be the responsibility of the service provider to replace that with vehicle of same age and make. The contract for lease of vehicle could be terminated by mutual consent at any point of time before the end of five years.

iv. Both for purchase of new vehicle and hiring of vehicle on long-term lease, an indicative list of the category of vehicles is given below.

a. Officers of and above the level of Heads of Departments, District Collector, SP and District Judge – Premium sedans like Maruti Ciaz, Honda City, Tata Nexon etc.

b. All other officers and offices – Vehicles of the type Mahindra Bolero, Maruti Suzuki Swift Dzire, Honda Amaze, Tata Indigo etc.

v. Log book shall be maintained as in the case of Department owned vehicles.

(By Order of the Governor)
DR. SHARMILA MARY JOSEPH, IAS
Secretary (Finance Expenditure)

To

The Principal Accountant General (A&E/G&SSA) Kerala, Thiruvananthapuram
The Principal Accountant General (E&RSA) Kerala, Thiruvananthapuram
The Director of Treasuries, Thiruvananthapuram
All Heads of Departments
All Departments of Secretariat (through e-office notice board)
Finance (SS/Budget/SFC/Accounts) Department
Nodal Officer, www.finance.kerala.gov.in
The Stock File/Office Copy

Forwarded/By Order


Accounts Officer