

भारत सरकार Government of India
रेल मंत्रालय Ministry of Railways
रेलवे बोर्ड (Railway Board)



No: 2021/RS(G)/779/7

Date: 09/05/2025

The General Managers, All Indian Railways/PUs, NF(C), CORE
DG, RDSO/Lucknow, NAIR/ Vadodara
PCAO, PLW/Patiala, COFMOW
CAO, WPO/Patna, RWP/ Bela

Sub.: Ordering on sources assessed/ developed/ approved by vendor approving agencies.

Ref.: (1) Railway Board letter no.: 2001/RS(G)/779/7 Pt 2 dated 25/06/2018.
(2) Railway Board letter no.: 2021/RS(G)/779/7 dated 18/01/2022.
(3) Railway Board letter no.: 2021/RS(G)/779/7 dated 30/01/2023.
(4) Railway Board letter no.: 2021/RS(G)/779/7 dated 06/09/2024.
(5) Railway Board letter no.: 2021/RS(G)/779/7 dated 01/04/2025.

Para 1.0 of Railway Board letter under ref.(1) classified the vendors into two categories: "Approved Vendors" and "Developmental Vendors" for items appearing in the RDSO vendor directory.

2. The existing policy on vendor approval process is governed by Railway Board letter under ref. (2), wherein it was stipulated in para 7 that the vendor categorization system followed by RDSO shall be adopted uniformly by all vendor approving agencies. In essence, the categorization of vendors as 'approved' and 'developmental' shall be applied uniformly across all vendor approving agencies. This categorization of vendors was reiterated vide ref.(3) and (4) [copies enclosed].

3. No category of vendors other than "Developmental vendors" and "Approved vendors" can exist on a vendor directory on UVAM.

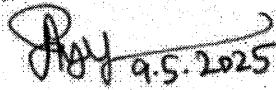
4. It has been brought to the notice of Railway Board that vendors other than "Developmental vendors" and "Approved vendors" also appear on UVAM.

5. It is clarified that Railway units, other than the concerned nominated vendor approving agencies, are permitted only to place orders either on developmental

vendors or approved vendors, for the items which are restricted to be procured from vendors listed on UVAM. No orders can be placed by Railway Units, other than nominated vendor approving agencies, on vendors who are not "Developmental Vendors" or "Approved Vendors". For clarity, it is re-iterated that "Developmental Vendors" are only such vendors which are listed as developmental vendors on UVAM without any condition.

6. This is issued with the approval of Railway Board (M/TRS).

Enclosures as above.


(S. Natarajan)
Director Railway Stores (IC)
Railway Board
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LIST FOR DISTRIBUTION

Directors of all CTIs,

CMDs /MDs of all Railway PSUs/ autonomous bodies/ societies,

PCMMs, PCEs, PCMEs, PCEEs, PCSTEs, All Indian Railways & PUs, COFMOW,
CORE, WPO/Patna and RWP/Bela

Sr. Prof. (Material Management), NAIR, Vadodara, ED (Stores), RDSO, Lucknow

Chief Commissioner, Railway Safety, Lucknow

Zonal Railway Training Institute, Sukadia Circle, Udaipur

Copy to:

The Genl. Secy., AIRF, Room No. 248, & NFIR Room No. 256-C, Rail Bhawan

The Secy. Genl., IRPOF, Room No. 268, FROA, Room No. 256-D & AIRPOA, Room
No. 256-D Rail Bhawan.

PSOs/Sr. PPSs/PPSs/ PSs to:

MR, MoSR(S), MoSR(R)

CRB&CEO, M(TRS), M(Infra), M(O&BD), M(F), Secretary/RB, DG (RHS), DG (RPF),
DG (HR), DG(Safety)

EDPG/MR, EDPG/MoSR(R), JDPG/MoSR(S)

All AMs, PEDs & Executive Directors of Railway Board.

भारत सरकार BHARAT SARKAR
रेल मंत्रालय MINISTRY OF RAILWAYS
रेलवे बोर्ड RAILWAY BOARD

No. 2001/RS(G)/779/7 Pt 2

New Delhi, dated: 25.6.2018

The General Managers, All Indian Railways/PUs, NF(C), CORE
The DG/RDSO/Lucknow & NAIR/Vadodara
CAOs, DMW/Patiala, WPO/Patna, COFMOW/NDLS, RCF/RBL/NDLS

Sub.: Ordering on Sources Assessed / Developed /Approved by RDSO for various safety / Vital items.

Ref.: Railway Board's Letter Nos.

- 1) 99/RS(G)/709/Pt.I dated 06.09.1999 & 16.09.1999
- 2) 99/RS(G)/709/1 dated 28.04.2004
- 3) 99/RS(G)/709/1 dated 05.05.2006
- 4) 99/RS(G)/709/1 Pt.1 dated 29.06.2007
- 5) 99/RS(G)/779/2 dated 15.10.2007
- 6) 99/RS(G)/709/1 dated 06.12.2007
- 7) 99/RS(G)/779/2 dated 27.06.2008
- 8) 99/RS(G)/709/1 dated 25.02.2009
- 9) 99/RS(G)/779/14 dated 03.08.2010
- 10) 99/RS(G)/709/1/Pt.III dated 18.05.2012
- 11) 2003/RS(G)/11/3/Part 3 dated 06.02.2013
- 12) 99/RS(G)/709/1/Pt. dated 13.01.2015
- 13) 99/RS(G)/709/2 dated 11.02.2016
- 14) 99/RS(G)/709/1 dated 18.11.2016
- 15) 2001/RS(G)/779/7 dated 07.12.2016
- 16) 2001/RS(G)/779/7 dated 01.02.2017
- 17) 2001/RS(G)/779/7 Pt I dated 29.06.2017

Railway Board vide various letters referred above, have inter-alia issued instructions about ordering on Sources Assessed/Developed /Approved by RDSO for various safety / Vital items. In the wake of recent meetings/discussions held in RDSO/Railway Board and in view of recommendations of ED level RDSO committee duly accepted by competent authority, the need for issue of revised comprehensive instructions has been felt. Accordingly, the instructions contained in the letters mentioned above would be valid except where superceded in these instructions being issued. These instructions shall apply to procurement of items reserved for procurement from RDSO approved sources only. Existing instructions applicable to other vendor approving nominated agencies shall continue to be followed, unless otherwise specifically stipulated in this instruction.

1.0 Categorisation of Vendors

For the purpose of these instructions, the vendors shall be categorized into following two categories:

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- i. **Developmental Vendors:** Such vendors shall include vendors found by RDSO as capable to develop the item under consideration. Erstwhile Part-II sources of RDSO (as on 31/12/2016, but not yet approved by RDSO), shall also be considered as developmental vendors, till they complete the pre-defined requirement as to be qualified as approved source. Such vendors shall be listed as developmental vendors by RDSO in RDSO vendor directory. Pre-defined requirement for being qualified as approved source shall be made available by RDSO on their website. New/ Untried vendors shall approach RDSO for registration/ approval.

The list of vendors under development by RDSO shall be published by RDSO in same Vendor Directory, duly indicating the quantity and service period to be attained for categorization as an approved vendor. Such information should also be made available by RDSO on their website.

- ii. **Approved Vendors:** Sources categorized as approved vendors by RDSO.

- 1.1 **Vendor Approval Process:** The entire vendor approval process shall be made online by RDSO and information about status of application of vendors at every stage should be accessible and made available to the vendor through internet/SMS alerts. RDSO shall fix time-frame for the above and publish it on its website.

- 1.2 **Upgradation from developmental vendor to approved vendor** - RDSO shall ensure that a transparent procedure, time frame and criteria for upgradation are laid down, as part of technical specification. After vendor has executed developmental order(s) meeting pre-defined field performance criteria in the specification, vendor shall be upgraded as approved vendor.

1.3 Recordkeeping by RDSO

- i. RDSO shall provide a suitable online mechanism to monitor performance of its vendors, with online feedback from Railways/ PUs.
- ii. RDSO shall provide records of technical capacity, including the management details, on RDSO website/ Vendor Registration portal, which should be regularly updated.

1.4 Failure by RDSO approved sources

The convenor of the TC/ Tender Accepting Authority, in the concerned Railway unit, shall inform RDSO about vendor's non participation in tender(s), non adherence to contractual delivery period, unsatisfactory quality performance (including warranty failures) and non compliance to warranty obligation for appropriate action. Such references made by Railway Units to RDSO should be acknowledged by RDSO.

2.0 Scope and details of Items covered under these instructions



2.1 Vendor Approval/Development/Assessment of following items will be covered under these instructions:

- (i) All S&T, TRD, Wagon and Track/Engg. Deptt. Items
- (ii) 57 items controlled by the M&C Directorate of RDSO, as mentioned in RDSO vendor directory, valid as on 31.12.2016.
- (iii) Items like Air brake components, which are used for wagons as well as for other rolling stock like coaches and locomotives. (Annexure 'A'- 14 items).
- (iv) Other items, the manufacturing of which involves high technology as mentioned in Annexure 'B'.
- (v) **Consumable/maintenance items:** Filters, lubricants, brake blocks, cables and conduits common across different type of rolling stock, batteries and battery chargers, which were controlled by RDSO as on 31.12.2016.
- (vi) Regarding development of new technology (in line with Rolling Stock Code- Para 1108), including items concerning fire protection and safety, RDSO after deciding to adopt new technology for proliferation, will advise the same to PU/ZR along with the list of approved vendors (generally 3 vendors) for further expansion of vendor base by nominated PU.

2.2 RDSO shall restrict issue of any Advisory/Report/Instruction/Manual or any correspondence having any purchase implication with Railways only to items which are restricted to be procured from RDSO approved sources. However, where RDSO has finalized specification but are otherwise not restricted to be procured from RDSO approved sources, RDSO may only render technical advice.

2.3 RDSO shall issue unified PL for all the items/ assemblies and for all spares of such items/ assemblies, specifications of which are controlled by RDSO. RDSO shall provide the following details for items, apart from other details:

- i. PL Number (Unified PL)
- ii. PL number and description of sub-assemblies / spares alongwith details of quantity required in main assembly.

3.0 Ordering on the vendors Assessed/Developed /Approved by RDSO

3.1 Status to be taken as on tender opening date: The status of the vendor (i.e. approved or developmental vendor) shall be reckoned as on the date of tender opening and not thereafter. However, cases of downgrading/ removal/ suspension/ banning etc., after opening of tender, shall be taken into account while considering the offers.

3.2 Orders on developmental vendors shall be developmental orders and treated as such, specifically, with regard to applicability of liquidated damages for delayed supplies and levy of general damages.



3.3 Quantity Allocation

- (a) Developmental Vendors shall be eligible for developmental order of **20% of NPQ in regular tenders**. Total quantity to be ordered on developmental sources shall be limited upto 20% of NPQ in **regular tenders**.
- (b) Approved Vendors shall be eligible for bulk order, as per predefined tender conditions.
- (c) Where there is only single approved vendor for an item, developmental order may be given upto 50% of NPQ on one or more vendors approved as developmental vendors. In this regard, a suitable tender condition should be incorporated in the tender.
- (d) Where there is no approved vendor for an item, developmental vendors can be considered for placement of bulk order without any quantity restrictions. However, while considering such vendors, factors including past performance, capacity, delivery requirements, quantity under procurement, nature of item, outstanding order load etc. shall be considered in a transparent manner, subject to rates being reasonable. Quantity allocation among eligible vendors shall be based on pre decided tender criteria. Suitable condition in this regard shall be made part of tender conditions.

4.0 Splitting of Tendered Quantity:

Orders on developmental vendors shall be developmental orders and shall not amount to splitting.

Splitting of quantity for bulk order shall be governed by instructions as contained in letter no. 99/RS(G)/779/2 pt. dated 11/02/2016.

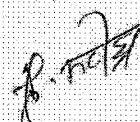
5.0 Negotiation

Negotiation shall be conducted as per extant instructions on the matter. However, there could be a case where, subsequent to conduct of negotiation, offer of approved vendor becomes lower than offer of developmental vendor(s), whose offer(s) were originally lower than the offer of the vendor, with whom negotiation has been conducted. In such cases, quantity distribution shall be with respect to the original rates quoted in the tender. Any counter offer, consequent upon such negotiation with approved vendors, made to developmental vendor shall not constitute negotiation.

6.0 Inspection:

6.1 The present system of inspection of supplies from RDSO approved vendors shall continue.

6.2 Inspection of supplies from Developmental Vendors shall be done by RDSO.



RDSO/PUs shall initiate necessary measures to issue digitally signed inspection certificates, as done by RITES, so that the complete supply chain becomes paperless.

7.0 Make in India Policy:

RDSO is already incorporating the status of MSME vendors in its vendor directory. Item-wise details of local content for each vendor should also be included in the vendor directory. Local content declaration shall be in terms of Public Procurement (Preference to Make in India) Order- 2017.

All the vendor approving and procurement agencies shall ensure that technical or performance requirement for any approval of vendor shall be strictly in compliance with the instructions contained in Public Procurement (Preference to Make in India) Order- 2017.

8.0 This instruction shall be applicable for tenders invited after the date of issue of this instruction.

9.0 This issues with the approval of Railway Board (CRB and FC).



(Anshu Malik)
Jt. Dir. Rly. Stores(G)
Railway Board

No. 2001/RS(G)/779/7 Pt 2

New Delhi, dt. 25.06.2018

1. PFAs, All Indian Railways & Production Units
2. The ADAI (Railways), New Delhi
3. The Directors of Audit, All Indian Railways



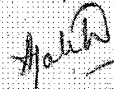
for Financial Commissioner / Railways

No. 2001/RS(G)/779/7 Pt 2

New Delhi, dt. 25.06.2018

1. The PCMMs, PCEs, PCMEs, PCEEs, PCSTEs, All Indian Railways & PUs, RCF/RBL/NDLS, COFMOW, CORE, WPO and RWP/Bela
2. The Directors –
 - a) Indian Railway Institute of Sig. Engg. & Telecom, Secunderabad
 - b) Indian Railway Institute of Mech. & Elec. Engg., Jamalpur
 - c) Indian Railway Institute of Elect. Engg., Nasik
 - d) Indian Railway Institute of Civil Engg., Pune
 - e) Indian Railway Institute of Traffic Management, Lucknow

- f) Sr. Prof. (Materials Management), NAIR, Vadodara
3. MD, CRIS, Chanakya Puri, New Delhi
4. MD, RITES, RITES Bhawan, Sector-29, Gurugram
5. Director, Iron & Steel, 3, Koila Ghat Street, Kolkata
6. Executive Director (Stores), RDSO, Manak Nagar, Lucknow
7. Chief Commissioner of Railway Safety, Lucknow
8. Zonal Railway Training Institute, Sukadia Circle, Udaipur



(Anshu Malik)
Jt. Director, Rly. Stores (G)
Railway Board

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2. CRB, FC, ME, MTR, MRS, MS, MT, SECY., DG(RS), DG(S&T), DG(Personnel), DG/RHS, DG/RPF
3. All AMs and PEDs & All Executive Directors of Railway Board

भारत सरकार GOVERNMENT OF INDIA
रेल मंत्रालय MINISTRY OF RAILWAYS
(रेलवे बोर्ड) (Railway Board)

No. 2021/RS(G)/779/7

नई दिल्ली New Delhi Dated: 18/01/2022.

The General Managers, All Indian Railways/PUs, NF(C), CORE
DG/RDSO/Lucknow, NAIR/Vadodara,
PCAO, DMW/Patiala, COFMOW/NDLS,
CAO, WPO/Patna, RWP/ Bela.

Sub.: Vendor approval process - ensuring transparency and competition.

1. As per the accepted recommendations of an AM/level Committee in Board to look into the existing systems and procedures of vendor registration at RDSO and production Units for enhancing transparency thereof, following instructions are issued for implementation.
2. These instructions are issued with the approval of Railway Board. These instructions supersede all previous instructions on the matters decided herein.
3. Standardization of list of safety items only from Railway Board shall be done and same shall be issued from Railway Board for uniformity. Railway Units, including RDSO and PUs, shall not have authority to categorize any item as safety item.
4. Items in the existing approved vendor list/directory shall be reviewed and standard list of items for approved vendor list/directory shall be issued by Railway Board.
5. **Coordinating Agencies:**
 - 5.1 Once the standard list of items for approved vendor list/directory is issued by Board (as per para 4 above), subsequent additions/deletions/changes in the standard list may be proposed by the Coordinating agencies to Board for consideration, as listed in para 5.2 below
 - 5.2 Coordinating agencies for proposing subsequent additions/deletions/changes in the standard list for consideration of Board and publishing the combined approved vendor list/ directory shall be as under:
 - a. RDSO: All S&T, TRD, wagon, Track/Engg Department items, other items identified and allotted by Railway Board
 - b. RCF: All LHB coach items (Except items identified for RDSO)
 - c. ICF: All EMU and non-LHB coach items (Except items identified for RDSO)
 - d. CLW: All Electric Loco Items (Except items identified for RDSO)
 - e. BLW: All diesel loco items (Except items identified for RDSO)
 - f. CORE: All RE related items (Except items identified for RDSO).
 - 5.3 Other agencies/units will route their proposals for additions/deletions/changes in standard list of items for approved vendor list/directory through these coordinating agencies only.
 - 5.4 Coordinating agencies will be nodal agencies for publishing combined vendor directory for the items in the standard list of items for approved vendor list/directory only, as finalized by Railway Board.
 - 5.5 A vendor, approved by one agency (nominated or otherwise) for an item, shall be deemed as approved vendor for that item for procurement by entire Indian Railways. Coordinating agency will ensure to



update vendor directory accordingly. The nominated RDSO/Railway/PU/Unit is the final authority in approval of vendors.

- 5.6 Coordinating agency shall propose detailed justification for each item for additions/deletions/changes in standard list of items for approved vendor list/directory. If any item is proposed for inclusion in the standard list, the justification shall also include reasons why the item cannot be procured on the basis of generic eligibility criteria and specifications/drawing.
- 5.7 Procurement of only these items (listed by Railway Board in standard list of items for approved vendor list/directory (refer para 4 above)), shall be limited to be done through the approved vendors in combined vendor directory, published by coordinating agencies. Procurement of items, except these limited items, shall be through the process of competitive bidding on the basis of predefined eligibility criteria and specification.
- 5.8 Coordinating agencies shall conduct a yearly review for removing items from the "standard list of items for approved vendor list/directory", for procurement on the basis of generic eligibility criteria, particularly for items with more than five active sources, i.e. those items where technology/ quality has stabilized. Such items shall be notified by Railway Board on 1st July every year, based on review, and upon such notification, nominated vendor approving agencies (coordinating agencies) shall remove the notified items from their combined vendor directories. The items so removed from the list shall be procured on the basis of generic eligibility criteria.

6. Grouping of items:

To fast track approval process, coordinating agencies shall propose, to Railway Board, grouping of items reserved to be procured from approved sources. Grouping shall be based on requirement of manufacturing process, M&P and other facilities for production of the item. Common vendor approval shall be granted for a group of items so identified.

Vendors already approved for some of the group items should be encouraged, by all agencies, to get approved for the remaining items of the group also by making them eligible for developmental order. This should be started immediately after approval of grouping of items.

7. Category of Developmental vendors in vendor directory

System of vendor categorization adopted for RDSO shall be followed for all the vendor approving agencies to bring uniformity. All the policies for ordering in procurement of items reserved to be procured from vendors approved by RDSO shall apply, as it is and as amended by Railway Board from time to time, on procurement of items reserved to be procured from vendors approved by other vendor approving agencies also.

Railway Board letter no 2001/RS(G)/779/7 Pt 2 (1) dated 06-11-2018 for consideration of developmental vendors for placement of bulk order without any quantity restriction in case of items where there are not more than three approved vendors, shall also apply for all items approved by all vendor approving agencies.

8. Uniform Criteria for upgradation of vendor to approved category for an item/group of items of a Rolling stock/Asset

- 8.1 For field trial period, there should be very few selected items requiring more than 06 months trial and only rare items under category requiring trial for 01 year or more. There should not be any item which takes more than 02 years for approval as approved vendor from the date of application by vendor, except the time taken by vendor side.
- 8.2 All such cases where the field trial is considered necessary beyond one year the justification shall be furnished and Railway Board's approval obtained, by coordinating agency.



9. Infrastructure requirements:

- 9.1 To increase the vendor base, infrastructure required for production of item is to be reviewed by all Vendor approving agencies within 6 months for each item with a view to relax the criteria to bare minimum considered absolutely essential requirement. Outsourcing of processes should be permitted as far as possible. Assessment/ verification of Schedule for Technical Requirement (STR) should be objective and transparent. Facility to which the process is being outsourced should also be part of vendor assessment process. This exercise should be completed by coordinating agencies (Para 5) within 6 months of issue of this letter.
- 9.2 Requirements in the STR should be performance/accuracy/output criteria based and vendor should comply with these criteria. Insistence on a particular infrastructure should be avoided and objective should be to attain the desired output. Vendors should be allowed to offer alternate process/ infrastructure with justification/ evidence to establish that the same can provide consistent output to desired level
- For each operation/performance/process/accuracy etc., output value/ accuracy level/ performance level to be achieved and recommended infrastructure/ process etc. should be specified in the STR and vendor should be asked to give compliance by giving details of offered infrastructure/ process etc. and level of output/ accuracy/ performance of the offered solution vis-à-vis specified in STR

10. Revision of Technical Documents

Any change in STR/specification/drawing should be regulated in a way that most of the vendors (80 %) do not go out of vendor directory. All vendors should be given minimum six months' time to augment capacity as per the revised STR/Specification/drawing depending upon the complexity.

Else, all existing approved vendors may be made eligible to participate in tenders as per their existing approval status. However, vendors should be eligible for ordering as per their existing approval status subject to their confirmation in tender for compliance to revised specification/STR/Drgs along with the condition in the tender/contract that supply against the order shall start only after approval/passing of prototype.

In case neither of the above two options, are selected then approval of the concerned Railway Board Member shall be taken.

11. Online Availability of Technical Documents

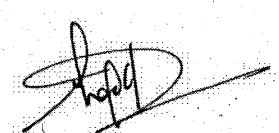
All Vendor approving agencies within 3 months shall ensure that there is permanent display of items with details like clear photograph of the item, STR, specifications, drawings, QAP (Quality Assurance Plan), major processes and raw materials for manufacture of the item etc., in searchable and downloadable format on web site of Vendor approving agencies as well as on Unified Vendor Approval Module (UVAM).

12. Uniform processes and documentation for approval of vendors:

- 12.1 Standard process flow and related documents for complete cycle of vendor development, approval, review, delisting etc. should be adopted by all vendor approving agencies (including different vendor approving units within a particular vendor approving agency). For this purpose, a committee has been nominated by Board vide letter no ERB-I/2021/23/18 dated 07.07.2021 (Annexure I).
- 12.2 The accepted report shall be binding on all vendor approving agencies and be basis for Unified Vendor Approval Module workflow (UVAM).

13. Vendor Development - Assessment of vendor and time taken

- 13.1 Presently time taken in capacity capability assessment for giving developmental status is varying in different vendor approving agencies. It has been decided that, in order to fast track the vendor approval



process and bring in uniformity, vendor approving agencies shall complete the process, from receipt of application to giving developmental vendor status to the vendor, within 60 days.

- 13.2 The activity should be fast tracked either by deploying additional internal resources by vendor approving agencies or by outsourcing to capable outside agencies like RITES/other accredited agencies. Empanelment of external assessment agencies should be done by RDSO on behalf of all vendor approving agencies within one month of issue of this letter. Minimum three agencies shall be empanelled with upper limit on fee to be charged. These empanelled agencies may be approached by vendors, directly, at pre-application stage, as well. This shall permit vendors to submit application with pre-verified facilities as per STR, Other Railway Units may also, directly, approach these agencies for verification of vendor's facilities as per STR for first time ordering of de-regulated items.
- 13.3 There shall be no limit on number of firms for capacity/capability assessment and placing them under developmental vendor category.
- 13.4 To fast track development of vendors, as far as possible, supplies against developmental order should be put to use and monitored on priority.

14. Vendor approving agencies:

- 14.1 Though coordinating agencies shall be as para 5 above but, vendor approval shall be done by following agencies:
 - a. RDSO: All S&T, TRD, wagon, Track/Engg Department items, other items identified and allotted by Railway Board
 - b. RCF: All LHB coach items (Except items identified for RDSO)
 - c. ICF: All EMU, non-LHB and LHB coach items (Except items identified for RDSO)
 - d. MCF: All LHB coach items (Except items identified for RDSO)
 - e. CLW: All Electric Loco Items (Except items identified for RDSO)
 - f. BLW: All diesel and Electric Loco items (Except items identified for RDSO)
 - g. CORE: All RE related items (Except items identified for RDSO).
- 14.2 Effort of vendor approving agencies should be to increase the base of approved vendors as much as possible without any limit on number of approved vendors, to increase competition. Though minimum 5 vendors should be the bench mark for all items, approving agencies should strive towards 10 vendors as a norm for each item, depending on nature and volume of the procurement.
- 14.3 However, a system of regular weeding out of non-performing vendors from the approved vendor list should be adopted so as to maintain active approved vendor list. Weeding out of non-performing vendors should be based on the objective criteria like number of failures per annum per unit item in service. Weeding out of vendors should be done through a committee consisting of Technical, Stores and Finance members for identifying non-participating/ poor performing vendors. Costing and Market research cell, as discussed in following paras, shall also recommend, in its periodical report delisting of such non-participating/ poor performing vendors.
- 14.4 Industry Interaction :
Present system being followed by RDSO for soliciting Expression of Interest (EOI) and active interaction with industry should be formalized by RDSO within one month, from issue of this letter, and implemented by all vendor approving agencies immediately thereafter.

15. Costing and Market Research cell:

- 15.1 A multi-disciplinary costing and market research cell shall be set up within each vendor approving agency, using existing resources within 3 months. The cell shall undertake following activities, apart from other activities which may be necessary to ensure competitive procurement:
 - i. Identify the items where cartel is suspected and undertake competition assessment in procurement of the item.
 - ii. Identify items where alternative technologies are available and can be permitted on Indian Railways.

- iii. Estimate the cost of manufacturing of an item.
- iv. Identify items where the margin of profit is seemingly high and suggest options for price reduction and/ or increasing competition in procurement.
- v. Cost benefit analysis before any change in specification or introduction of new specification/ item.
- vi. Market research on various factors impacting cost of items for which that vendor approving agency has been nominated for vendor approval.

The cell shall be the main market research and analysis unit of the vendor approving agency. Therefore, it is essential that the cell is suitably supported by a competent team. The cell shall need to be manned by persons having knowledge in the related fields. The cell shall be permitted to solicit services of outside experts like cost accountants, technology and material science experts from agencies like IITs, IISc, ICAI. Government organisations like Competition Commission of India (CCI), can also be involved. Experts on value engineering and value analysis can also be involved to remove redundancy in existing specifications and to find out better replacement materials.

- 15.2 The Costing and Market research cell, of each vendor approving agency, shall annually review the vendor approval system (report to be submitted within 30 days of completion of review period). The review shall specifically identify the areas of delays in vendor approval process or where the timelines are too relaxed. The report shall suggest changes/ modifications to make the vendor approval process more transparent and speedier. The report shall also highlight the savings/ benefits accrued to Railways on account of actions taken on suggestions made by the cell, during the reported period. The report and action taken on the report shall be put up to GM/DG of the vendor approving agency, within 30 days of submission of report. Subsequently, the report and action taken shall be submitted to Railway Board for consideration in Railway Board meeting.
- 15.3 Costing and Market research cell, shall also recommend, in its periodical report, delisting of non-participating/ poor performing vendors.
- 15.4 The objective of the costing and market research cell shall be to increase the vendor base which will increase competition and result in cost effective offer.

16. Developmental Tenders:

- 16.1 Developmental tenders by vendor approving agencies, as per Railway Board letter no. 99/RS(G)/709/1/Pt dated 13-01-2015 (as amended from time to time), should be a norm. Such tenders should be issued frequently (at least once every year) for all items. Special efforts should be made for vendor development where there are not more than 5 approved vendors or the capacity of the existing vendors is less than three times of total Indian Railway requirement or there is suspicion of cartel amongst existing approved vendors. List of such items should be published on the website and also to be shared with the prominent industry bodies giving complete details of items like eligibility criteria, STR (standard technical requirements), specifications, drawing, use of item, processes required so that they can also use their reach for inviting vendors to participate in Railway procurement system. It is imperative that the firms, whose capability and capacity has been assessed and found acceptable, get developmental order as early as possible.

For items included in vendor directory, the vendor approving agency should issue developmental tenders time to time for-

- (i) Early placement of developmental orders,
- (ii) Closer/better monitoring of process audit etc., and
- (iii) Controlled proliferation to avoid large scale damage in case of failure.

16.2 Authority to RDSO for developmental tenders and Budget

For items where procurement is restricted to vendors approved by RDSO, following powers are delegated to RDSO –



- i. Issue Developmental Tenders and placement of Developmental orders, upto quantity required for upgrading vendors to approved category, for items being approved by RDSO. It should be possible for RDSO to place developmental order on multiple vendors for qualifying quantity to fast track the process of increase of number of vendors.
- ii. Dedicated budget to be allocated specifically for this purpose. Detailed modalities of transactions shall be decided by RDSO.

16.3 While placing developmental order the quantity should be sufficient enough for upgradation to approved category. Milestones/ delivery periods/scheduling should be done for very critical items.

17. Common Vendor Approval Portal:

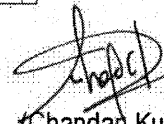
Unified Vendor Approval Module (UVAM) has already been made live. All the approval process should be on the online platform. Also, all the existing applications should be moved to UVAM platform by 31-01-2022.

18. Application Fees

Following uniform fee structure for vendor application for approval shall be applicable for all vendor approving agencies –

Category of vendor	Application Fees
MSME	Rs 10000
Non-MSME	Rs 15000
Foreign	\$500


This is issued with the concurrence of Finance directorate of Railway Board.


(Chandan Kumar)
Director Railway Stores/IC
Railway Board

No: 2021/RS(G)/779/7

New Delhi, dated 18-01-2022.

1. PFAs, All Indian Railways & Production Units.
2. The ADAI (Railways), New Delhi.
3. The Directors of Audit, All Indian Railways.


for Member (Finance) /Railway Board.

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Sr. Prof. (Material Management), NAIR, Vadodara, PED (Stores), RDSO, Lucknow
Chief Commissioner, Railway Safety, Lucknow
Zonal Railway Training Institute, Sukadia Circle, Udaipur

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Copy to:- PSOs/Sr. PPSs / PPSs / PSs/APS to :

MR, MOSR(D), MOSR(J)

CRB&CEO, M(TRS), M(Infra), M(O&BD), M(F), Secretary/RB, DG (RHS), DG (RPF), DG(HR), DG (Safety)

All AMs, PEDs & Executive Directors of Railway Board



भारत सरकार Government of India
रेल मंत्रालय Ministry of Railways
रेलवे बोर्ड (Railway Board)



No. 2021/RS(G)/779/7

New Delhi dated 30-01.2023

Director General,
RDSO,
Lucknow.


Sub: Vendor approval – conditions related to prototype approval and field trials.

Recently, RDSO has started approving vendors under developmental category with applicable conditions related to prototype approval and field trials.

2. Various Railways have approached Railway Board indicating problems created due to this new category of vendors which is included as developmental vendors. Two such references are enclosed which may be examined.
3. It may also be noted that as per Board's policy, there can be only two categories of vendors, approved and developmental. Developmental vendors with conditions is a third category created by RDSO which is not backed by any procurement/vendor approval policy issued by Board. Procurement system is designed accordingly as per the policies of Railway Board.
4. Theoretically, it may lead to a situation where a developmental vendor having conditional approval gets order for 20% quantity of all procurement by Indian Railways and subsequently does not clear the field trials/prototype approval. This will lead to failure of the complete procurement of Indian Railways by 20% quantity.
5. In view of the above, you are requested to examine the issues stated above and give your comments on the subject.

Encl.: As above

Copy to :
Spl DG/VD/RDSO
ED/Stores/RDSO


(MANOJ KUMAR GUPTA)
Exec. Director Railway Stores/G
Railway Board

भारत सरकार
रेल मंत्रालय (रेलवे बोर्ड)
GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 2021/RS(G)/779/7

Dated: 06.09.2024

Director General
RDSO
Lucknow
(Email: dg@rdso.railnet.gov.in)

Sub: Vendor approval system.

- Ref:
- (i) Railway Board Order No. ERB-I/2021/23/18 dated 07.07.2021.
 - (ii) Railway Board letter No. 2021/RS(G)/779/7 dated 18.01.2022.
 - (iii) RDSO letter No. QAM/UNIFORM VENDOR POLICY dated 17.01.2022.
 - (iv) Railway Board letter No. 2021/RS(G)/779/7 dated 08.02.2022.
 - (v) Railway Board letter No. 2021/RS(G)/779/7 dated 30.01.2023.
 - (vi) RDSO letter No. RDSO/STO LKO/(CSP-4)/7/2021 dated 10.3.2023.
 - (vii) RDSO letter No. ST/SP-4/RB&CRIS dated 17.03.2023.
 - (viii) RDSO letter No. ST/SP-4/RB&CRIS dated 06.03.2024.
 - (ix) Railway Board letter No. 2021/RS(G)/779/7 (E 3391932) dated 13.05.2024.
 - (x) RDSO letter No. SPL/DG(VD)/RB-Policy dated 18.07.2024.

This office is in receipt of RDSO letter dated 18.07.2024 (ref. (x)). In this regard, following is stated:

(i) Seeking approval of Railway Board for creating "Conditionally approved Developmental Order":

The category of conditionally approved developmental vendors is not as per Railway Board policy (ref. ii). Such a list is causing confusion amongst the field officers. List of vendors published by RDSO on UVAM shall only consist of developmental and approved vendors, without any conditions (already reiterated vide ref. v).

(ii) Nomination of Railway Unit for expedited trials for developmental orders:

RDSO is competent to co-ordinate with most suitable Railway Unit for expedited trials against developmental orders, for the item under consideration, placed by RDSO.

(iii) Mobilisation advance for Developmental Orders:

In rare cases of developmental orders of goods, justifying mobilisation advance and requiring approval of Railway Board, RDSO may forward the request to Railway Board, with detailed justification, on a case to case basis.

RDSO should implement the Railway Board instructions dated 18.01.2022. Further, progress on implementation of provisions relating to developmental tenders (para 16), costing at market research cell (para 15), vendor development (para 13) and criteria for upgradation (para 8) may be intimated to Railway Board.

(v) Fast tracking the vendor development process:

Special attention is invited towards para 13.2 of the instruction dated 18.01.2022 which is reproduced below:

The activity should be fast tracked either by deploying additional internal resources by vendor approving agencies or by outsourcing to capable outside agencies like RITES/ other accredited agencies. Empanelment of external assessment agencies should be done by RDSO on behalf of all vendor approving agencies within one month of issue of this letter. Minimum three agencies shall be empanelled with upper limit on fee to be charged. These empanelled agencies may be approached by vendors, directly, at pre-application stage, as well. This shall permit vendors to submit application with pre-verified facilities as per STR. Other Railway Units may also, directly, approach these agencies for verification of vendor's facilities as per STR for first time ordering of de-regulated items.

(vi) Costing and Market Research cell:

All the vendor approving agencies are requested to submit a copy of the periodic report of their Costing and Market Research cell, for each quarter, to Railway Board. Additionally specific compliance of Para 15.2 (of instruction dated 18.01.2022) is also requested from the vendor approving agencies. Para 15.2 states as follows:

The Costing and Market research cell, of each vendor approving agency, shall annually review the vendor approval system (report to be submitted within 30 days of completion of review period). The review shall specifically identify the areas of delays in vendor approval process or where the timelines are too relaxed. The report shall suggest changes/ modifications to make the vendor approval process more transparent and speedier. The report shall also highlight the savings/ benefits accrued to Railways on account of actions taken on suggestions made by the cell, during the reported period. The report and action taken on the report shall be put up to GM/DG of the vendor approving agency, within 30 days of submission of report. Subsequently, the report and action taken shall be submitted to Railway Board for consideration in Railway Board meeting.

(vii) Development of vendors for items requiring more than 60 days for assessment:

Certain cases necessarily require assessment over a period extending to more than 60 days for listing of vendors as developmental vendors. In such cases, Railway Board's instruction dated 18.01.2022 (ref. ii)

already permits RDSO to place a developmental order, within 60 days of receipt of pre-assessed application (para 13.2 of instruction dated 18.01.2022), for a quantity sufficient enough for upgradation of a vendor to approved category. Subsequent to placement of such order, by RDSO, and during continuous evaluation of the vendor in execution of the developmental order, RDSO shall first enlist the vendor as a developmental vendor, on satisfying the specified criteria for approval as unconditional developmental vendor. Subsequently, upon the vendor satisfying the criteria for upgradation to approved vendor status, the vendor shall be enlisted as approved vendor.

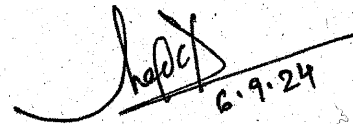
However, it should be ensured that strict timelines are maintained. Overall timelines for upgradation of vendor to approved category, as detailed in para 8 of the instruction dated 18.01.2022, should be adhered to.

(viii) Time lines:

RDSO shall put to optimal use the authority delegated to place developmental order for quantities sufficient enough to assess product performance for upgradation of a vendor to approved category.

2. The task force (established vide Railway Board order dated 07.07.2021, ref i) was created upon recommendation of the AM level committee report as accepted by Railway Board. The recommendations of the task force submitted by RDSO vide their letter dated 17.01.2022 (ref. iii) have to be in line with Railway Board policy dated 18.01.2022 as such directions given vide letter dated Railway Board policy 18.01.2022 (ref. ii) shall prevail.

3. This issues with the approval of Railway Board (M/TRS).



(Chandan Kumar)

Director Railway Stores (IC)

Railway Board

Email- drsic@rb.railnet.gov.in

Tele-011-23047518

Copy to:

1. General Managers of RCF, ICF, MCF, CLW, BLW, CORE: Vendor approving agencies are required to comply with the instructions of Railway Board issued vide letter no. 2021/RS(G)/779/7 dated 18.01.2022, as also clarified to RDSO herein.
2. Spl. DG/ VD/ RDSO is required to monitor that the instructions dated 18.01.2022 are implemented on UVAM portal by all vendor approving agencies including RDSO and PUs.

भारत सरकार Government of India
रेल मंत्रालय Ministry of Railways
रेलवे बोर्ड (Railway Board)

No: 2021/RS(G)/779/7

Date: 01/04/2025

The General Managers, All Indian Railways/PUs, NF(C), CORE
DG, RDSO/Lucknow, NAIR/Vadodara
PCAO, PLW/Patiala, COFMOW
CAO, WPO/Patna, RWP/ Bela

Sub.: Vendor approval Process

- Ref.:** (i) Railway Board letter no.: 99/RS(G)/709/1/Pt. dated 13/01/2015.
(ii) Railway Board letter no.: 2021/RS(G)/779/21 dated 13/12/2021.
(iii) Railway Board letter no.: 2021/RS(G)/779/7 dated 18/01/2022.
(iv) Railway Board letter no.: 2021/RS(G)/779/7 dated 06/09/2024.

Railway Board had issued comprehensive instructions, dated 18/01/2022 [ref. (iii)], regarding the system of approval of vendors for items restricted to be procured from approved sources. Clarifications on the instructions had been issued by Railway Board, vide letter dated 06/09/2024 [ref. (iv)]. Instructions have also been issued for issue of developmental tenders, especially ref.(i) and (ii).

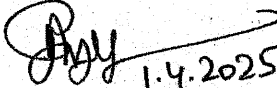
2. Railway Board has reviewed difficulties being faced by vendor approving agencies, specifically with regard to developmental tenders. It has been decided to amend the existing instruction dated 18/01/2022 [ref. (iii)] as follows:

Para No.	Existing Clause	Revised Clause
16.2 (i)	Issue Developmental Tenders and placement of Developmental Orders, upto quantity required for <u>upgrading vendors to approved category</u> , for items being approved by RDSO. It should be possible for RDSO to place developmental order on multiple vendors for qualifying quantity to fast track the process of increase of number of vendors.	Issue Developmental Tenders and placement of Developmental Orders, upto quantity required for <u>listing vendors in the category of developmental vendors</u> , for items being approved by RDSO. It should be possible for RDSO to place developmental order on multiple vendors for qualifying quantity to fast track the process of increase of number of vendors.
16.3	While placing developmental order the quantity should be sufficient enough for <u>upgradation to approved category</u> . Milestones/ delivery periods/scheduling should be done for very critical items.	While placing developmental order the quantity should be sufficient enough for <u>listing vendors in the category of developmental vendors</u> . Milestones/ delivery periods/ scheduling should be done for very critical items.

3. Following had also been decided, only for developmental tenders in terms of the Railway Board letter dated 18/01/2022 [ref.(iii)] and these instructions are reiterated for guidance and due compliance:

- (a) Developmental Tenders can be processed by vendor approving agencies (including RDSO), for those items the agency has been nominated as the vendor approving agency.
- (b) Such developmental tenders and placement of developmental orders on eligible vendors may also be processed on single tender basis (if required), as per delegation, by vendor approving agencies, only after conducting due Capacity and Capability Assessment (CCA).
- (c) In such cases, it is considered advisable even to permit differential rates (both for items under development and items already having approved list of vendors) within reasonable limits to different firms, as it is in Railways interest to develop multi-sources.
- (d) Additionally, where ever it is considered essential to go for placement of such developmental orders on vendors whose received rates are higher than the rate at which the item is being procured by Railways from sources eligible for bulk order (in case of items already having approved list of vendors), such offers can also be considered for placement of developmental order.
- (e) Reasonability of rates in all such cases should be thoroughly assessed.

4. This is issued with the concurrence of Finance Directorate of Railway Board and approval of Railway Board (MTRS, MF and CRB & CEO).

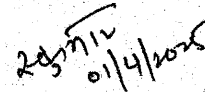

1.4.2025

(S.Natarajan)
Director Railway Stores/IC
Railway Board
Email drsic@rb.railnet.gov.in
Tel. No. 011 23047518

No. 2021/RS(G)/779/7

Date:01/04/2025

- 1. PFAs, All Indian Railways & Production Units.
- 2. The ADAI (Railways), New Delhi.
- 3. The Directors of Audit, All Indian Railways.


01/4/2025

For Member Finance,
Railway Board

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CORE, WPO/Patna and RWP/Bela

Sr. Prof. (Material Management), NAIR, Vadodara, ED (Stores), RDSO, Lucknow
Chief Commissioner, Railway Safety, Lucknow
Zonal Railway Training Institute, Sukadia Circle, Udaipur

Copy to:

The Genl. Secy., AIRF, Room No. 248, & NFIR Room No. 256-C, Rail Bhavan
The Secy. Genl., IRPOF, Room No. 268, FROA, Room No. 256-D & AIRPOA, Room
No. 256-D Rail Bhavan.

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PSOs/Sr. PPSs/PPSs/ PSs to:

MR, MoSR(S), MoSR(R)

CRB&CEO, M(TRS), M(Infra), M(O&BD), M(F), Secretary/RB, DG (RHS), DG (RPF),
DG (HR), DG(Safety)

EDPG/MR, EDPG/MoSR(R), JDPG/MoSR(S)

All AMs, PEDs & Executive Directors of Railway Board.
