

**GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
RAILWAY BOARD**

NO. 2018/Trans Cell/Store Procurement

Dated: 02.01.2019

The General Manager, All Indian Railways/PUs, NF(Con), CORE
The DG/RDSO/Lucknow, DG/NAIR/Vadodara
CAOs, DMW/Patiala, WPO/Patna, COFMOW/NDLS, RWP/Bela, CAO/IROAF

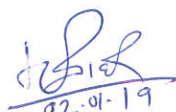
Sub: Process Reform in Matters related to Store Procurement and Scrap Disposal.

- Ref: 1. Railway Board's letters no. 2004/RS (G)/779/11 dated 21.2.18, 15.10.08, 06.08.08, 19.02.08 & 24.07.07.**
2. PCSTE/ECR's letter no. ECR/S&T/SOP Correspondence dated 9.09.2018.
3. DG/RDSO' letter no. ED/QA(S&T)/Misc dated 06.08.2018.
4. CMM/HQ/DLW's letter no. DLW-S/82 Pt.-XVI dated 29.11.2018.
5. PCMM/NCR's letter no. 29-S/09A-GM/NCR dated 01.11.2018

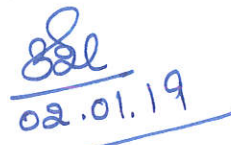
With reference to above, Board (FC & CRB), in consultation with DG(RS) have approved the following:

1. Earnest Money Deposit (EMD) for Stores Tenders:

- 1.1 There shall be no exemption from submission of EMD for any tender or by any tenderer except following:
- (a) Tender cases of value upto Rs 1 (one) lakh
 - (b) Micro and Small Enterprises (MSEs) registered for the tendered item in terms of Railway Board's letter No. 2010/RS(G)/363/1 dated 05.07.2012
 - (c) Other Railways and Government Departments in terms of Railway Board's letter No. 2004/RS(G)/779/11 dated 24.07.2007
 - (d) Indian Ordinance Factories in terms of Railway Board's letter No. 92/RSS(G)/363/1 dated 08.04.1993
 - (e) PSUs owned by Ministry of Railways and PSUs for the group of items that are manufactured by them in terms of Railway Board's letter No. 2003/RS(G)/779/5 dated 10.09.2004
- 1.2 Offers submitted without EMD shall be summarily rejected.
- 1.3 EMD amount shall be 5% of the estimated value of the tender rounded off to nearest higher Rs 10 (ten).
- 1.4 In exceptional cases, such as, Single Tender, PAC items, etc., exemption from seeking EMD in a particular tender shall be decided prior to issue of tender and suitably incorporated in the tender conditions. The exemption


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shall require personal approval of the Authority competent to accept the tender based on estimated value thereof, but not below the level of PCMM on case to case basis.

2. Automatic release of EMD of unsuccessful tenderers after tender is finalized:


- 2.1 EMD of unsuccessful bidders or tenderers shall be released immediately after finalization of the tender. The purchaser may initiate the process of release just after the tender is finalized, or in online systems the information through system about settlement of tender, will be sufficient for release of the EMD of the unsuccessful bidders or tenderers without any additional action required from the purchaser.

3. Security Deposit (SD)/Performance Security for Stores Contracts except M&P:

- 3.1 There shall be no exemption from submission of Security Deposit (SD) for any tender or by any tenderer except following:
- a) The Store contract cases of value upto Rs 1 (one) lakh
 - b) Other Railways and Government Departments in terms of Railway Board's letter No. 2004/RS(G)/779/11 dated 24.07.2007
 - c) Indian Ordinance Factories in terms of Railway Board's letter No. 92/RSS(G)/363/1 dated 08.04.1993
 - d) PSUs owned by Ministry of Railways and PSUs for the group of items that are manufactured by them in terms of Railway Board's letter No. 2003/RS(G)779/5 dated 10.09.2004
- 3.2 Security Deposit (SD) amount shall be 5% of the contract value rounded off to nearest higher Rs 10 (ten).
- 3.3 Security Deposit (SD) shall remain valid for a period of 60 days, beyond the date of completion of all contractual obligations.
- 3.4 The successful tenderer shall have to deposit SD within 14 days of issue of Letter of Acceptance. No Extension of time for submission of SD shall be granted.
- 3.5 In the event of successful tender(s) failing to deposit/submit SD in acceptable form within the prescribed period as aforesaid, the EMD submitted by such successful tenderer(s) shall be automatically adjusted towards SD in view of the fact that in most of the cases, EMD amount would be adequate to meet the SD amount. In case where available EMD amount is less than required SD and the successful tenderer does not deposit the balance SD amount within stipulated time, then EMD shall be forfeited and case be dealt with as that of withdrawal of offer by the tenderer as per extant instructions. This will resolve the problem faced by purchaser to


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great extent due to intentional delay in submission of SD by successful tenderer(s).

- 3.6 In case, the MSEs exempted from submission of EMD fail to submit SD in stipulated time, damages shall be levied, for failure to act as per offer with regard to condition relating to SD, equal to EMD amount, as would have been applicable if the offer was from a non-MSE vendor. These damages shall be treated as recoveries outstanding against the vendor and dealt with accordingly. A suitable tender condition to be incorporated in the tender document.
- 3.7 Purchaser should ensure that the contracts are worded so as to conclude severable contracts for each lot. In case of failure by contractor to meet deliveries for any lot, Railways may cancel the contract for defaulted part by forfeiting SD commensurate to that lot. Authority available to Consignee/Depot Officer vide Para 27 & 28 of Railway Board's letter no. 88/RS(G)/779/14 Pt. dated 06.01.2017 shall continue.
- 3.8 Risk Purchase clause shall not be applicable wherever SD clause is applicable. Wherever SD is not taken, risk purchase will be made as per extant guidelines.
- 3.9 In exceptional cases, such as, case of Single Tender, PAC items, etc., exemption from seeking SD in a particular tender shall be decided prior to issue of tender and suitably incorporated in tender conditions. The exemption shall require personal approval of the Authority competent to accept the tender based on estimated value thereof but not below the level of PCMM on case to case basis.

4. Advance Acceptance/Counter offer & Delivery Period:


- 4.1 In Store Procurement TC cases, Letter of Advance Acceptance/Counter offer may be issued without Finance vetting.
- 4.2 The delivery period in Store Procurement cases shall be reckoned from the date of issue of Advance PO/Letter of Advance Acceptance/Letter of Acceptance.

5. Disposal of low value Scrap upto Rs 5 lakh:

- 5.1 For expeditious disposal of the scrap material to de-congest the work place and avoid theft of the materials which is resulting in loss to Railways and due to shortage of manpower & steep rise of the cost of manpower, the supervision of delivery of scrap material for value upto 5 lakh, two/three member committee shall be authorized. In partial modification of existing instructions, the composition of delivery/supervising team shall be as:


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SN	Lot value	Witnessing/Supervising Team Members
1	Up to Rs 2 Lakh	Two member team (In case custodian is other than Stores Department): (i) Custodian of the Scrap/Senior Supervisor level of executive (ii) Stores supervisor of rank not less than Depot Material Supervisor (D.M.S.) (Note: When both are of same department then Committee at SN-2 below shall be applicable.)
2	Above Rs 2 lakh and upto Rs 5 Lakh	Three member team (In case custodian is other than Stores Department): (i) Stock Verifier (ii) Custodian of the Scrap/Senior Supervisor level of executive. (iii) Stores supervisor of rank not less than D.M.S. (Note: When custodian is of stores department, committee will include (i) & (iii) above as two member committee)
3	Above Rs 5 lakh	As per existing guidelines.

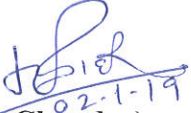
6. Liquidated Damage (LD) on delayed Supply:


6.1. Recovery of Liquidated Damage (LD) shall be levied @ 1/2% (half percent) of the price of the store per week or part of the week during which delivery is accepted and the upper limit for recovery of LD in supply contracts is 10% (ten percent) of the value of contract irrespective of delays, unless otherwise provided, specifically in the contract.

7. Other extant guidelines as issued from Board on the subject(s) shall remain unchanged and as modified from time to time.

This issues with the concurrence of Associate Finance of Transformation Cell of Railway Board.

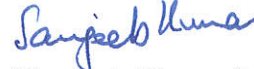
Kindly acknowledge the receipt and ensure compliance.


(Mahesh Chandra)
Executive Director/RS(G)


(Umesh Balonda)
Executive Director/S&T
Transformation Cell
Dated: 02.01.2019

NO. 2018/Trans Cell/Store Procurement

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


(Sanjeeb Kumar)
Executive Director Accounts
Transformation Cell

Copy: As per list attached.

NO. 2018/Trans Cell/Store Procurement

Dated: 02.01.2018

Copy to:

1. The ADAI (Railways), New Delhi
2. The Director of Audit, All Indian Railways
3. The Director, Indian Railway Institute of Civil Engineering, Pune.
4. The Director, Indian Railway Institute of Mechanical and Electrical Engineering, Jamalpur.
5. The Director, Indian Railway Institute of Signal Engineering and Telecommunications, Secunderabad.
6. The Director, Indian Railway Institute of Electrical Engineering, Nasik.
7. The Executive Director, Indian Railways Centre for Advanced Maintenance Technology, Gwalior.
8. The Director, Indian Railway Institute of Transport Management, Lucknow.
9. The Registrar, Railway Claims Tribunal, Delhi.
10. The General Secretary, IRCA, New Delhi.
11. The Chief Commissioner of Railway Safety, Lucknow.
12. The Secretary, Railway Rates Tribunal, Chennai.
13. The Chairman, Railway Recruitment Board, Ahmedabad, Ajmer, Allahabad, Bangalore, Bhopal, Bhubaneswar, Chandigarh, Chennai, Gorakhpur, Guwahati, Jammu & Srinagar, Kolkata, Malda, Mumbai, Muzaffarpur, Patna, Ranchi, Secunderabad and Trivandrum.
14. Managing Director, CRIS, Chanakyapuri, New Delhi

Copy to:

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

Copy to:

1. PS to MR, MOS(S), MOS(G)
2. CRB, FC, ME, MTR, MRS, MS, MT, SECY, DG(S&T), DG (RHS), DG (RPF), DG (Stores), DG(Pers)
3. All AMs, Principal Executive Director & Executive Directors of Railway Board


02.01.19
(Umesh Balonda)
Executive Director/S&T
Transformation Cell