

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

RBS No- 05/10

No: 99/RS(G)/779/5

New Delhi, dated: 12-03-2010

The General Manager, All Indian Railways & PUs including NF(C).
The General Manager, CORE, Allahabad.
The General Manager, Metro Railway, Kolkata.
The Director General, RDSO, Lucknow & Railway Staff College, Vadodara.
The MD, RITES, RITES Bhavan, Sector-29, Gurgaon.
The MD, KRCL, Belapur Bhavan, 4th Floor, Sector-11, CBD, Belapur, Navi Mumbai.
The MD, MRVC, 2nd Floor, Church Gate station Building, Mumbai.
The MD, CRIS, Chanakyapuri, New Delhi.
CAO/Workshop Projects organisation, 1st Floor, Chamber Bhawan, J.C. Road, Patna -800001.
CAO/DMW, Patiala and COFMOW, New Delhi.
CAO/MTP, NBCC Place, Bhishma Pitamah Marg, Pragati Vihar, New Delhi.
CAO/MTP, Mumbai and Chennai.

Sub: 30 % Quantity Option Clause in Stores Contracts

Ref: 1. Railway Board letter no 78/RS(G)/777/1 dt. 30.12.79

- 2. Railway Board letter no 93/RS(G)/779/5 dt. 31.5.93**
- 3. Railway Board letter no 93/RS(G)/779/5 dt. 6.9.93**
- 4. Railway Board letter no 93/RS(G)/779/5 Pt. dt. 8.9.97**
- 5. Railway Board letter no 93/RS(G)/779/5 Pt. dt. 15.12.98**
- 6. Railway Board letter no 2006/RS(G)/779/2 dt. 23.3.2006**
- 7. Railway Board letter no 93/RS(G)/779/5 Pt.II dt. 5.12.2006**
- 8. Railway Board letter no 93/RS(G)/779/5 Pt.II dt. 3.6.2008**
- 9. Railway Board letter no 2006/RS(G)/779/2 dt. 4.6.2008**
- 10. Railway Board letter no 2006/RS(G)/779/2 dt. 8.8.2008**
- 11. Railway Board letter no 99/RS(G)/779/5 Pt.I dt. 1.10.2009**

A number of references are being received from Zonal Railways on the issue of operating the Option Clause and hence comprehensive guidelines are being issued, incorporating the earlier instructions.

1. Insertion of Option Clause:

- 1.1 The provision of $\pm 30\%$ Option Clause shall be inserted in tenders as a Special Condition of Contract with a minimum purchase value of Rs.75**

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lakhs, for fixed quantity contracts, for procurements of materials of which the requirements are of continuing nature. However railways are not debarred from inclusion of quantity option clause in tenders for fixed quantity contracts valuing below Rs 75 lakhs, wherever so required in the railway's own interest provided the requirements of such material are of continuing nature.

For running contracts, Stores Code para 3800 on contractual quantity variations will apply.

2. Approval for Option Clause:

- 2.1 Henceforth, approval of Competent Authority for procurement of quantity under + 30% Option Clause must be taken at the Tender Accepting stage itself, value of Tender being determined on the entire quantity being procured, including the + 30% Option quantity. In case total value of quantity to be procured (including + 30 % option quantity) exceeds the acceptance powers of GM, the tender approving authority will be the competent authority in Board.

3. Operation of Option Clause:


- 3.1 Option Clause may be operated by the Competent Authority within his powers of Tender Acceptance (for original quantity + quantity under Option Clause) after Finance concurrence. In case where the Contractual value exceeds GM's powers of acceptance, the same may be exercised by GM, if the original approval for the procurement was given by Board, as outlined in para 2.1 above.
- 3.2 Where the 30%quantity option leads to fractional quantities, these may be rounded off to the next higher number, if the fraction obtained is 0.5 or more.
- 3.3 Option Clause may be operated only where there is clear demand for additional quantities and benefits accrue to Railways in terms of existing contractual rates being reasonable / lower than newly opened Tendered rates, if available.
- 3.4 While exercising Option Clause on firm/ firms, it must be ensured that the performance of the firm/ firms on whom option is proposed to be exercised is satisfactory in the present contract vis-à-vis the firm/firms on whom also the orders have been placed in the same tender for the same item.
- 3.5 Option Clause can be exercised anytime within the Delivery period, by giving reasonable notice.
- 3.5.1 'Reasonable notice' as mentioned above is only for the purpose of allowing the contractor suitable time to make necessary arrangements for the supplies and not for seeking any consent from the contractor towards exercise of the contractual option clause. To this end, a reasonable delivery schedule for the enhanced ordered quantity stipulated in the relevant amendment to the contract will suffice.

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- 3.5.2 The purpose of 'reasonable notice for exercise of (-) 30 % Option clause consequent to decrease in prices subsequent to the placement of contract should be served by giving a reasonable opportunity to the contractor to unconditionally agree to accept such lower rates for the quantity unsupplied on the date of reduction /decrease of prices or the (-) 30 % quantity, whichever is less. Where the contractor does not unconditionally agree to accept such lower rate, no further consent from the contractor is necessary for exercise of (-) 30 % quantity option clause.
- 3.5.3 In a contract that provides for quantity option clause, in case Delivery Period is extended either for the full ordered quantity or a part quantity which remained unsupplied on the date of expiry of the original delivery period, then during the extended delivery period also, quantity variations can be made on the total ordered quantities.
- 3.6 Cases involving exercise of Option Clause must be processed well in advance of expiry of DP/extended DP and in such cases the proposal including the amendment letter must be concurred/vetted simultaneously by Finance.

This issues with the concurrence of Finance Directorate of Ministry of Railways.


(M.K. Gupta)
Director, Rly.Stores(IC)I
Railway Board

No: 99/RS(G)/779/5

New Delhi, dated: 12-03-2010

Copy to:

1. FA&CAOs, All Indian Railways & Production Units.
2. PCEs, All Indian Railways & Production Units.
3. The ADAI(Railways), New Delhi (with 10 spares copies)
4. The Director of Audit, All Indian Railways.


for Financial Commissioner / Railways

No: 99/RS(G)/779/5

New Delhi, dated: 12-03-2010

Copy to:

1. The COSs, All Indian Railways & PUs including NF(C).
2. The COS, Metro Railway, Kolkata.
3. The COS, COFMOW, New Delhi.
4. The COS, CORE, Allahabad.
5. The COS, Konkan Railway Corporation Ltd., Belapur Bhavan, 4th Floor, Sector-11, CBD, Belapur, Navi Mumbai-400614.

6. The COS, Mumbai Rail Vikas Corporation, 2nd Floor, Church Gate station Building, Mumbai-400020.
7. 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. Sr.Prof. (Material Management), Railway Staff College, Vadodara.
 - e. Indian Railway Institute of Civil Engg., Pune.
 - f. Indian Railway Institute of Logistics & Materials Management, IDA House, Sector IV, R.K.Puram, New Delhi
8. Chairman, Railway Rates Tribunal, Chennai.
9. Director, Iron & Steel, 3, Koila Ghat Street, Kolkata.
10. Executive Director (Stores), RDSO, Manak Nagar, Lucknow.
11. Chief Commissioner, Railway Safety, Lucknow.
12. ED(QA)/RITES, RITES Bhavan, Sector-29, Gurgaon, Haryana.
13. CPM, CRIS, Chanakya Puri, New Delhi.
14. GM(Proj)-V, CRIS, Chanakya Puri, New Delhi.
15. Dy.CMM / Workshop Projects organisation, 1st Floor, Chamber Bhawan, J.C. Road, Patna -800001.


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(M.K.Gupta)
Director, Rly.Stores(IC)I
Railway Board

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Copy to :

1. The General Secretary , AIRF, 4 State Entry Road , New Delhi.
2. The General Secretary , NFIR, 3 Chelmsford Road, New Delhi.
3. The Secretary General, IRPOF, Room No. 268, Rail Bhavan, New Delhi
4. The Secretary General, FROA, Room No. 256-D, Rail Bhavan, New Delhi.
5. The Secretary General, AIRPFA, Room No. 256-D, Rail Bhavan, New Delhi


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(M.K.Gupta)
Director, Rly.Stores(IC)I
Railway Board

Copy to:- Sr. PPSs / PPS / PS to

- (i) CRB, FC, ME, ML, MM, MS, MT, SECY., DG (RHS), DG (RPF)
- (ii) All AMs and Advisors of Railway Board.
- (iii) All Executive Directors of Railway Board.
- (iv) All Directors of Electrical, Engineering, Finance, Mechanical, Stores, Signal & Telecom Dte. &
All Branches of Electrical, Engineering, Finance, Mechanical, Stores, Signal & Telecom Dte.