GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No: 2018/RS(G)/779/4

New Delhi, dated 16.08.2019

Principal Chief Materials Managers,
PFAs, All Indian Railways/ PU's, NF(C), CORE
The DG/RDSO/Lucknow & NAIR/Vadodara
CAOs, DMW/Patiala, WPO/Patna, COFMOW/NDSL, RCF/NDSL
GM/VIMS/CRIS

Sub: Operationalisation of the Scheme of payment through letter of credit (LC) in domestic supply contracts.

Scheme of payment through letter of credit (LC) as option of payment to vendors in domestic supply contracts has been operationalised in Indian Railways. Various instructions are issued in this respect by Stores Directorate and Accounts Directorate of Railway Board.

2. Timely payment to vendors is an important area in the supply chain. However, it has been brought to the notice of Board, that there is delay in opening of LCs. Railways/Units are opening LCs after receiving claim of bills from the vendors. This is causing avoidable delay in the payment of dues to the vendors and also leading to grievances. This is not as per the process defined in various instructions issued by the Board.

3. Therefore, it is advised that executives may ensure timely issue of request letter for issue of LC and Accounts may take steps for opening of LC at the earliest on receipt of request letter as per the process flow defined in various instructions of Board.

(Anurag Grover)
Dy. Director Railway Stores (G)
Railway Stores

Copy to: PED/Accounts/Railway Board