Implementation of payment through Letter of Credit (LC) as option in domestic Supply contracts.

Ref.:

i. Railway Board’s letter no. 2017/AC-II/9/10 Pt 1 dated 20.02.2018 (RBA No. 10/2018)

ii. Railway Board’s letter no. 2017/AC-II/9/10 Pt 1 dated 06.03.2018 (RBA No. 15/2018)

iii. Railway Board’s letter no. 2017/AC-II/9/10 Pt 3 dated 09.05.2018 (RBA No. 48/2018)

iv. Railway Board’s letter no. 2018/RS(G)/779/4 dated 04.06.2018.


1.0 Vide letters under reference, decision of Ministry of Railways for allowing the contractor an option to take payment from Railways through a letter of credit (LC) arrangement was conveyed. The letters also detailed the procedure to be followed in case a contractor decided to opt for such a mode of payment. Executives had also been requested to ensure timely issue of request letter for issue of LC.

2.0 It has, however, been observed that the procedure for issue of LC is not being followed.

3.0 Railway Board therefore desires that:

a) Executives should immediately forward the request for issue of LC to Accounts Office as and when it becomes due.

b) Extensive publicity to the option of LC as a mode of payment should be given to all prospective bidders.

c) SBI may be specially invited to all vendor meets/ interactions to educate prospective bidders about the details of the payment option through LC and related benefits to vendors.

d) Each Railway/Production Unit shall organise at least one vendor meet within next one month and send a detailed report to Railway Board.

4.0 This issues with the approval of Railway Board (MMM).

(Aurag Grover)
Dy. Dir. Rly. Stores(G)
Railway Board
1. The PCMMs, PCEs, PCMEs, PCEEIs, PCSTEs, All Indian Railways & PUs, RCF/RBL/NDLS, COFMOW, CORE, WPO and RWP/Bela

2. The Directors –
   a) Indian Railways Institute of Sig. Engg. & Telecom, Secunderabad
   b) Indian Railways Institute of Mech. & Elec. Engg., Jamalpur
   c) Indian Railways Institute of Elect. Engg., Nasik
   d) Indian Railways Institute of Civil Engg., Pune
   e) Indian Railways Institute of Traffic Management, Lucknow

3. Sr. Prof. (Materials Management), NAIR, Vadodara

4. MD, CRIS, Chanakya Puri, New Delhi

5. MD, RITES, RITES Bhawan, Sector-29, Gurugram

6. Director, Iron & Steel, 3, Koli Ghat Street, Kolkata

7. Executive Director (Stores), RDSO, Manak Nagar, Lucknow

8. Chief Commissioner of Railway Safety, Lucknow

9. Zonal Railway Training Institute, Sukadia Circle, Udaipur

Anurag Grover
Dy. Dir. Rly. Stores(G)
Railway Board

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

New Delhi, dt.09.12.2019

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

1. MR, MoS(R)
2. CRB, FC, ME, MTR, MRS, MS, MT, MST, SECY., DG/RHS, DG/RPF
3. All AMs and PEDs & All Executive Directors of Railway Board