

ANNEXURE-II/4-35

Copy of Board's letter No 89/RS (G) 164/13 Pt dated 10th August 1989 addressed to General Managers. All Indian Railways and others.

Sub : Guideline to avoid bias against the new suppliers.

It has become to the notice of the Railway Board that one of the Railway Production Units is keeping out an honest firm who was interested in developing and supplying an item which was being purchased against limited Tenders from a few approved sources. Although a sample manufactured by the firm was passed on 11th September 1980, Authorities took the view that the Production Units had already 5 developed sources and there was no necessity of placing any developmental order on the firm after their sample was approved. The supply of 250 pieces against the developmental order was completed by the firm in December 1984. Barring minor dimensional deviations the supplies were found to be acceptable.

The firm in question was the lowest Tenderer in another Tender case opened in April, 1985 for 972 pieces of the same item out of the 7 offers received against the Tender. In this Tender, the Technical Authority commented that the lowest Tenderer was not a The firm in question was the lowest Tenderer in another Tender case opened in April, 1985 for 972 pieces of the same item out of the 7 offers received against the Tender. In this Tender, the Technical Authority commented that the lowest Tenderer was not a developed source and that they had supplied only 250 pieces against a developmental order placed on them for 320. The comments by the Technical Authority were not based on facts as they were developed sources and the order on them was only for 250 pieces, which they had executed successfully. Based on the Technical comment, order for only 200 pieces was placed on the firm against the Tender in question and the balance order for 772 pieces was placed on another firm at a much higher rate.

Again during 1985, an order for 1,050 pieces of the same item was placed on another firm on Single Tender basis due to emergency indicating that none of the other firms could be relied upon It means that they had only one effective supplier during 1985 whereas the stand taken in 1980 was that they had 5 developed sources at that time and hence there as no necessity for placing developmental orders on other parties during 1980. It shows that the administration, besides putting impediments in the way of new aspiring suppliers, had also failed over the years to develop adequate number of sources and enlarge of competition for the benefit of the Railways.

In view of the above, you are requested to please avoid such lapses if any on your Railways/ Production Units to ensure that new corners are encouraged to avoid such cases in future and so to ensure proper balance between the quality, security and economic consideration.

ANNEXURE-II/4-36

Copy of Board's letter No. 73/RS/(G)/779/30/Pt dated 22nd January 1990 addressed to Genera Managers. All Indian Railways, Production Units etc.

Sub : Placement of Trial /Developmental orders.

Ref : Board's letters of even number dated 31st October 1988 and 11th January 1089.

It has come to the notice of the Board that when trial/developmental orders are placed on the new firms the same is not always indicated very clearly on the **Purchase Orders**. The firms who secure such developmental orders indicate the same as a proof of their performance while quoting to the other Railways/ Production Units. This may be misleading many times as the product supplied by the firm may be still under trial and firm may not have been cleared for the bulk order. To avoid any ambiguity the Board desire that whenever Purchase Orders are placed on any firm on trial developmental basis, the same should be boldly indicated as such on these Purchase Orders. It would be advisable to have Purchase Orders printed with the stipulation "Trial Developmental Order" so that when the photo copies of such Purchase Orders are submitted by these firms to any other Zonal Railway/Production Units the position would be clearly known to the Purchase Officer.

(R.S. Jhon)

Dy. Director Railway Stores (G)
Railway Board,

ANNEXURE-II/4-37

MINISTRY OF RAILWAYS, (RAILWAY BOARD)

No. 79/RS(G)/164/16

New Delhi, Dated 20th November 1990

The General Manager (Stores), All Indian Railways and Production Units.

The General Manager, Railway Electrification, Allahabad.

The General Manager, Metro Railway, Calcutta.

Sub : **Consideration of unsolicited offers against tenders.**

Attention is drawn to Board's letter No. 76/RS(G)/779/18 dated 26th May 1976/11th June 1976 (**copy enclosed**) which lays down procedure for consideration of unsolicited offers against Limited / bulletin tender enquiries. It has come to the notice of the Ministry of Railways (Railway Board) that in some cases, the procedure outlined in the above letter are not being rigidly followed.

In order to ensure that the instructions, as mentioned above are scrupulously followed, Board desire that while putting up the tender papers to the Purchase Officer for decision the purchase section/staff must specifically bring to the notice of the Purchase Officer, the status regarding registration of the tenderers under the consideration zone such as whether they are registered for the trade group under which the item falls and for the monetary value of the tender under consideration. It should also be indicated whether registration is valid or not.

As a second check, the Supervisor incharge of the concerned purchase section shall satisfy himself before placement of order that the offer accepted is unsolicited or otherwise and in the case of former, approval of the competent authority has been obtained for acceptance.

Please acknowledge receipt.

(R. S. Lahan)

Director, Railway Stores (G),
Railway Board.

ANNEXURE-II/4-38
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

NO. 90/CE-I/CT/1

NEW DELHI Dated 12th December 1990

The circumstances under which negotiations may be held with tenderers, have been explained in detail in Board's letter No. 67/WI/CT/32 dated 25th May 1968 reiterated under Board's letter of even No. dated 11th April 1990). As would be observed therefrom, negotiations are to be held as an exception and not as a rule and only if.

- (i) the rates quoted in all the offers received from the tenderers are unreasonably high & re-tendering would not secure better advantage to the Railway, and/or
- (ii) after excluding all the lower offers that are unacceptable because of technical reasons or on account of unsatisfactory credentials of the tenderers, the rates quoted in all other remaining offers are considered to be unreasonably high as per established procedure.

2. Despite the clear-cut instructions on the subject, a large number of instances keep on coming to the notice of the Board indicating that:—

- (i) Negotiations are being held as a rule rather than as an exception.
- (ii) Negotiations are being held un-necessarily even when the rates received ' are considered reasonable.
- (iii) Negotiations are held repeatedly in the same case,
- (iv) Negotiations are held, to start with, on the plea of rates being un-reasonably high. After holding negotiations (sometimes repeatedly), the rates are certified as reasonable, even though the reduction obtained is insignificant. In several such cases the ranking of the tenderers got, altered, leading to complaints and doubts as regards the very purpose of negotiations.

It would be appreciated that holding of negotiations under the foregoing circumstances, is not a healthy procedure. It can often lead to delay, undue favoritism /discrimination and complaints.

3. The Board wish to reiterate that holding of negotiations should be an exception and not a rule. Normally, there should be no question of holding negotiations, if the rates secured are reasonable.

4. Appropriate action may be taken to avoid unnecessary rounds of negotiations. Instructions contained in this letter are applicable to both Works & Stores tenders and are being issued in consultations with the Finance Directorate of the Ministry of Railways.

5. Receipt of this letter may be acknowledged.

Sd/-
(S. N. SINGLA)
 Exec. Director, Civil Engg. (G)
 Railway Board.