

GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(RAILWAY BOARD)

No. 76/R3(G)/779/36

New Delhi, Dt. 29-11-1996

To
The General Managers,
All Indian Railways/Production Units.

Sub.:- Splitting of the tendered quantity between more than one firm against Stores tenders.

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Reference is invited to Board's letters of even number, dated 11.11.77, 17.5.78, 26.7.78 and 17.10.78 through which orders and guidelines have been issued on the subject cited above. It has been clarified in the last letter, inter alia, that normally where splitting is done, efforts should be made to see that orders are placed at one rate, namely, the lowest acceptable rate, only. However, in cases where it is not possible to obtain uniformity in the rates on account of several factors and where the Railways feel that splitting is essential, there is no objection to orders being placed on the merits of each case in favour of one or more firms in consultation with the associated finance and with the approval of the authority competent to accept the tender. In spite of these clear instructions, it has been reported that on one Railway, there is an impression that multisourcing can be resorted to at variable rates as a matter of course. Board have again considered the matter carefully and wish to reiterate that differential rates can be considered on merits of each case, in the circumstances and in the manner mentioned in their letter of 17.10.78 and certainly not as a rule. The norm, where splitting of quantity is necessarily to be done, is that orders have to be placed at the lowest acceptable rate. Obviously, the first step in the effort to secure a uniform rate at the lowest level is to counter-offer the lowest acceptable rate to higher tenderers on whom part of the quantity is proposed to be ordered. Based upon the response, further action is to be taken and the ultimate decision has to be one of general and prudent judgement.

It may also be clarified that offering the lowest acceptable rate to the higher tenderers does not amount to negotiations. It may be noted that negotiations are resorted to in a different situation when the price quoted by the lowest technically acceptable tenderer is considered unreasonably high, and in that case negotiations have to be held with all technically acceptable tenderers.

(This disposes of FA&CAO/Eastern Railway's letter No. FS/01/01/Policy dated 13.9.95 & No. FA/01/95/95 dt. 19/21.8.96).

Receipt of this letter may please be acknowledged.

(M. S. KARAN)

Executive Director (Finance)
Railway Board.

No. 76/R- (G) /779/36

New Delhi, Dated 29-11-96

Copy forwarded to for information and necessary action to :

1. FA&CAOs/All Indian Railways/Production Units.
2. General Manager, MIP/Calcutta, The Chief Administrative Officers, MIP(Rlys), Bombay/Delhi/Madras and W-1, Wheel and Axle Plant, Bangalore.
3. Controller of Stores, All Indian Railways/Production Units and MIP/Rlys/Calcutta.
4. Director General, RLSO, Alambagh, Lucknow.
5. The Principal, Railway Staff College, Baroda.
6. The R.L.O., Parliament Street, New Delhi.

7. FA & CAO / CORE, ALD

(M.S.KHAN)

Executive Director (Finance)
Railway Board.

LA:Nil.

No. 76/R- (G) /779/36

New Delhi, Dated 29-11-1996

Copy for information and guidance to all Officers/Branches of Stores Directorate, Finance Directorate, Planning, ERB-I, W-1, W-II, W-III, Lev. Cell, RE(G), Track, TM Cell, A/C-II and Legal Cell of Board's Office.

(M.S.KHAN)

Executive Director (Finance)
Railway Board.

LA:Nil.

Copy to JDV(S) with 5 spares.

