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GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

...

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

New Delhi, Dated -10-97.

6-11-97

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

Sub:- Splitting of tender quantity between more than one firm against specific tender enquiry.

Ref:- Railway Board's letter of even no.dt.(i) 8-11-79, (ii) 26-10-80 (iii) 16-1-81 and (iv) 29-11-96.

The subject matter of splitting of tender quantity between more than one firm against a specific tender enquiry has been considered by the Board from time to time and instructions issued on how this is to be done vide Board's letters referred above. It may be recalled that in terms of Board's letter referred to (i), (ii) and (iii) above it was laid down that:

(a) Where warranted, the tendered quantity may be split and tender decided in favour of one or more firms on merits of each case, in consultation with associate Finance and with the approval of the authority competent to accept the tender, having due regard to the following factors:

- i) Vital/Critical nature of the items.
- ii) Quantity to be procured.
- iii) Delivery requirements.
- iv) Capacity of the firms in the zone of consideration.
- v) Past performance of firms.

(b) Splitting should not be done merely with a view to utilising developed capacity of the different sources but should be for valid reasons to be recorded in writing for splitting the tendered quantity.

(c) The difference in rate between the lowest acceptable rate and rate of next higher offers may be decided on merits in consultation with associated Finance.

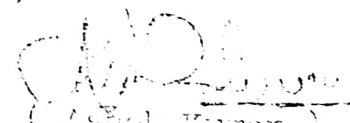
(d) Acceptance of difference in rate(unit cost to Administration) between the lowest acceptable rate and the rate of next higher offers does not mean incorporation of a time preference clause in the acceptance of tender.

Contd...2...

2.0 In terms of Board's letter of even number dated 29-11-96 it was clarified that consideration and acceptance of differential rates was not to be considered as a rule and that the norm is that orders have to be placed at the lowest acceptable rate. It was further clarified in this letter that the first step in the effort to secure a uniform rate at the lowest level is to counter offer the lowest acceptable rate to the higher tenderers on whom part of the quantity is proposed to be ordered. Based on the response further action is to be taken and the ultimate decision has to be one of general and prudent judgement.

3.0 After the issue of the Board's letter of 29-11-96 references have been received from the Railways for reconsideration of the latest Board's directive which has been interpreted by some of the Railways as making counteroffer mandatory before any consideration of differential rates if quantity is proposed to be split between more than one firm. The subject has been reconsidered by the Board. It is clarified that Board's letter dated 29-11-1996 does not supersede earlier letters of even number dated 17-5-1973, 17-10-1973, 11-11-1979 and 26-10-1980. The intention is that counteroffer as a procedure is not to be regarded as mandatory but may be kept in view whenever it is decided to split the quantity on more than one firm. It is open to Railways to decide, depending upon the merits of each case, whether this approach of counter offering for obtaining a uniform rate may be followed or orders placed on differential rates, keeping in view the Board's orders issued from time to time.

Receipt of this letter may be acknowledged.
(Hindi version will follow)


(Ashok Kumar)
Dy. Director, Railway Stores (G),
Railway Board.

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


New Delhi, dt. 1-10-97.

Copy to :-

- 1) Controller of Stores, All Indian Railways & Production Units, Metro Railway, Calcutta & RB/Allahabad.
- 2) EACOs, All Indian Railways & Production Units, Metro Railway, Calcutta & RB/Allahabad.
- 3) DG/RSB, Lucknow.
- 4) The Principal -
Railway Staff College, Vadodra.
Indian Railway Institute of Sig. Engg. & Telecom,
Secunderabad.
Indian Railway Institute of Mech. & Elec. Engg.,
Jamalpur.

Indian Rly. Institute of Elect. Engrg., Nasik.,
 Prof. (Inv. Hgt.), Rly. Staff College, Vadodara.

- 5) Chairman, Railway Rates Tribunal, Madras.
- 6) Executive Director, Iron & Steel, Calcutta.
- 7) The ADAL(Rlys), New Delhi (with 10 spare copies).
- 8) The Director of Audit, All Indian Railways.
- 9) The General Manager (Cons.) L.F. Railway, Guwahati.
- 10) The R.L.O., Parliament Street, New Delhi.


 Dy. Director, Railway Stores(G),
 Railway Board.

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EDF(S), EDRE(S), EDTK(M), EDTK(MC), ADTK(F), DEV(S),
 DIF, F(S)-I, F(S)-III, TS(POL), Dev. Cell, MDC Cell,
 RE(S), Track-I, Track-II, Track-III and all officers
 & Branches of Stores Directorate, Planning, PE-I,
 PE-II, PE-III, Dev. Cell, RE(S), Track, TR Cell,
 I/c - I and Legal Cell of Board's Office.