

72

**Government of India  
Ministry of Railways  
( Railway Board )**

No.99/RS(G)/709/1.

New Delhi, dt:6-9-1999.

The General Managers,  
All Indian Railways & Production Units.  
COFMOW, Rly. Offices Complex, Tilak Bridge, New Delhi.  
Railway Electrification, Allahabad.  
Metro Railway, Calcutta.

**Sub: Proper maintenance of assets - quality procurement of stores.**

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Railway Board have been stressing the importance of reliability in maintenance of assets and reduction in failure rates. A Committee of Additional Members was nominated by Board to make recommendations with a view to improve the system for ensuring quality procurement of materials. The recommendations of this committee have been considered in the Board's office and it has been decided to implement them so as to improve quality of materials being procured and thereby the reliability of assets.

Following decisions have been taken by Board for implementation:-

**1. Procurement of materials from approved sources**

1.1 Instructions have been issued by Board from time to time for procurement of safety and critical items from RDSO/Production Units/Railways approved sources. In this connection copies of instructions issued under Board's letter No.73/RS(G)/779/30 Pt.II dated 30.3.87, 19.11.87, 17.1.95 & 26.10.95 are attached. The procedure of procurement through approved sources shall continue till further advice.

1.2 Lists of items for procurement from approved sources have also been issued in the past by the technical directorates. These lists are being reviewed and updated by the respective technical directorates of the Board and will be issued shortly.

1.3 RDSO/Railways should also make a provision of the approved vendors acquiring ISO 9000 accreditation within a stipulated time frame.

1.4 Procedure Order No. 77/RS(G)/779/17 dated 23/27.1.79 envisages procurement of materials from the approved sources for a minimum quantity  
.....2/-

of 80% and above even against the advertised tenders. Procedure also envisages placement of development orders on new sources considered capable for development as per quality norms, separately, without delaying the placement of regular orders on the already developed sources.

1.5 Placement of development orders should not be considered as routine but considered only in the following situations:-

- i. Where the approved sources are not adequate and it is desirable to develop more sources for bringing in more competition or improvement in quality.
- ii. Where the rates received from the new sources are lower than those applicable to approved sources and where new sources are having potential for supply of quality material and are having infrastructure of plant and machinery and testing equipment as per the quality assurance programme.

1.6 Approval of vendors in the approved list of suppliers should be for a period of two years at a time. The performance of the approved sources with respect to quality supplies will be the responsibility of the approving authority who will systematically monitor the quality norms so that quality of supplies is of the highest standard as per specifications. The vendors whose quality is suspect will be systematically weeded out.

1.7 Wherever sources have been approved under Part I and Part II, ordering on Part II sources shall not be more than 15% of the total quantity and this will be within the procurement quantity. Ordering on new sources in such cases shall be restricted to 5% and this could be within or outside the procurement quantity.

1.8 In cases where sources are not approved separately under Part II, but there is a need for placement of repeat development orders, the philosophy of ordering on Part II sources given above shall be applied.

1.9 The quantity to be procured from new development vendors should be restricted to the minimum which may be adequate for monitoring performance of the item.

1.10 Each educational/development order should not exceed 33% of the quantity ordered on any of the approved sources in a tender case.

1.11 During consideration of tenders for ordering on regular sources, due .....3/-

weightage should be given for the past performance both for quality and delivery in distribution of quantities wherever required, so as to ensure timely receipt of quality materials. Vendor rating system should therefore be implemented expeditiously and separate instructions on this will follow.

1.12 In case of developmental tenders for developing indigenous sources for imported items or where number of sources is considered inadequate, it is considered advisable even to permit differential rates within reasonable limits to different firms, as it is in the railways interest to develop multi sources with appropriate quality norms.

1.13 Items repeatedly failing and causing concern be identified by the approving authority and their specifications and sources revalidated.

## **2. Procurement of spares for maintenance of equipment/machine:**

2.1 In the purchase of spares used for maintenance of expensive equipment/machines, rate contracts for the spares be entered into for a period of 2 years and with predetermined price variation clause with OEMs to facilitate uninterrupted supply of genuine spares. Procurement from an alternative source be allowed only after proper scrutiny and approval of the source.

2.2 Wherever possible, annual maintenance contract be entered into (beyond warranty) at the time of procurement of new equipment/machine and price catalogues for spares and components should also be invariably asked for at the time of procurement of the new equipment/machine.

## **3. Running contracts for low value spares:**

3.1 In case of low value items vulnerable for failures like rubber components, low value castings and forgings, certain specified hardware items, etc., running contracts should be finalised on reliable/quality sources. These running contracts may cover 2 years' requirement at a time and should be centrally operated by the office of Controller of Stores, so as to keep a check on the total drawal against each contract.

Receipt of this letter may be acknowledged and Board kept informed of the action taken in the matter.

This issues with the concurrence of the Finance Directorate of the Ministry of Railways.

  
(Ashok Kumar)

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

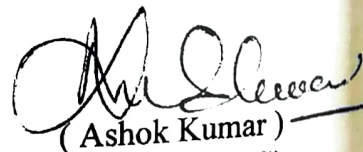


No. 99/RS(G)/709/1.

New Delhi, dtd: 6-9-99.

Copy to:

1. The Controller of Stores, all Indian Railways & Production Units, Metro Railway, Calcutta & Railway Electrification, Allahabad, MTP (Railways), Mumbai.
2. FA&CAOs, all Indian Railways & Production Units, Metro Railway, Calcutta & Railway Electrification, Allahabad.
3. The CEs, All Indian Railways, Metro Railway, Calcutta.
4. DG/RDSO, Manak Nagar, Lucknow.
5. The Principal -
  - i) Railway Staff College, Vadodara.
  - ii) Indian Railway Institute of Sig. Engg. & Telecom, Secunderabad.
  - iii) Indian Railway Institute of Mech. & Elec. Engg., Jamalpur.
  - iv) Indian Railway Institute of Elect. Engg., Nasik.
  - v) Prof. (Inv. Mgt.), Railway Staff College, Vadodara.
  - vi) Indian Railways Institute of Advanced Track Technology, Pune.
6. Chairman, Railway Rates Tribunal, 50, Mc. Nichola Road, Chetpet, Chennai.
7. Director, Iron & Steel, 3, Koila Ghat Street, Calcutta.
8. The ADAI(Rlys.), New Delhi (with 10 spare copies).
9. The Director of Audit, All Indian Railways.
10. The General Manager (Cons.), N.F. Railway, Guwahati.
11. The CAO/Con. Central Railway, Mumbai.
12. The CAO/Con., Northern Railway, New Delhi.
13. The CAO/Con., N.E. Railway, Gorakhpur.
14. The CAO/Con., Southern Railway, Chennai.
15. The CAO/Con., S.C. Railway, Secunderabad.
16. The CPM/Con., S.E. Railway, Calcutta.

  
(Ashok Kumar)

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

Copy to;

EDF(S), EDRE(S), EDTK(M), EDTK(MC), EDTK(P), EDV(S), EDF, ED(Dev.), EDCE(G), F(S)-I, F(S)-II, F(S)-III, FS(POL), Dev.Cell, MTP Cell, RE(S), Track-I, Track-II, Track-III and all officers and Branches of Stores Dte.

S no 1

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

No.73/RS(G)/779/30.Pt.II      New Delhi, dated 30.3.1987

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

Sub: Procurement of spares for diesel &  
electric locos.

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It has come to the notice of the Board that in the case of certain items obtained on proprietary article certificate, the same firm has quoted different rates to different railways. Also, when items formerly procured on proprietary article certificate were instead procured against limited tenders, the rates quoted by some firms were lower than those quoted by them against tenders on proprietary certificate basis. There have been complaints from the Members of Parliament and Parliamentary Committees on these issues as also the practice on the Railways of restricting the purchase to a few firms approved by the consumers without keeping the door open for new entrants having merit and capabilities.

2. The matter was, therefore, discussed in a meeting of Mechanical & Stores Officers held on 28.1.87 with the Board. In the light of these discussions, the Board have decided as under:-

i) All Railways shall ensure publication of rates of P.A.C. purchases (in accordance with the instructions contained in the Board's letter No.84/RS(G)/363/EC63/Rec. No.124 dated 20.11.85) and that items procured on P.A.C. basis are separately grouped while publishing particulars in the Indian Trade Journal.

ii) Railways will invariably issue advertised tenders in cases exceeding Rs.1 lakh including even sophisticated spares certified as single source items. The bulk procurement will, however, be restricted to firms approved by either DLW/CLW or by the concerned Railways. The tender should specify that material should be to CLW/DLW/RDSO drawing or any other drawing authenticated by the Railways.

iii) The Purchase Officer concerned should invariably list the approved firms on the file before issuing the tenders.

iv) The following condition should be mentioned in the tender notice:

"The Railway reserves the right to order either the entire or the bulk quantity on approved firms and only consider other firms for educational orders."

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v) The offers of the firms whose drawings have been authenticated by any Railway other than the one which has issued the tender should also be considered, at least for an educational order, if their rates are competitive and their credentials are known to the tendering Railway. Further, the credentials of such firms should be considered and decided in the next quarterly meeting of the Railways to be convened in accordance with item (vi) below. The Railways while authenticating any supplier's drawing should consider the capability of the firm thoroughly, including inspection standards, manufacturing processes etc. to ensure broad-basing of approved sources. The instructions contained in the Board's letter No.73/RS(G)/779/30 dated 8.1.86 authorise firms to approach COSs for getting approval for supply of sophisticated spares. COS after satisfying himself on the firms' credentials/capabilities should send the standard questionnaire prepared by RDSO to the firm. On receipt of the same duly filled up, it should be sent to CME/CEE for taking action in regard to inspection of the firm either by their own organisation or by RITES. Thereafter CME/CEE should give clear reasons for approving or not approving a particular firm. It is to be clearly understood that placement of educational orders should not be at the cost of quality or competitiveness.

vi) There should be a quarterly meeting of Stores/Mechanical/Electrical Officers of the Railways in the 4 Metropolitan cities by rotation where information regarding firms approved during the previous quarter for various items should be exchanged. In addition, the subject would be discussed in detail in the annual DMG/EMG as well, in the discussion of which subject the concerned Stores Officers would also participate.

vii) PAC purchases would continue only in the case of fuel injection spares obtained from M/s. MICO for diesel locos & a few spare components of DJ, Tap Changer, Pantograph, Relays of electric locos until further orders. For all other items limited/weekly bulletins/advertised tenders should be adopted. In all cases below Rs. 1 lakh railways may follow the mode of weekly bulletins or limited tenders. In case of limited tenders, besides the firms borne on the approved list of the concerned Railway/DLW/CLW, exchange of information during the quarterly meeting regarding sources of supply on other Railways may prove helpful. Specific attention of approved firms may be drawn to the weekly bulletins wherever this mode is employed. As mentioned earlier, bulk procurement in these cases will, however, continue to be restricted to the approved sources of the concerned Railway and even educational orders should be placed only if offers received from unapproved sources are competitive and otherwise satisfy the standards required for the purpose.

3. The procedure outlined in para 2 (ii) to (v) and (vii) will be reviewed after 1 year based on the experience gained by feedback received from the Railways.

4. This supersedes all previous instructions issued by the Board on the subject and issues with the concurrence of Mechanical & Electrical Directorates.

5. Receipt of this letter may kindly be acknowledged.

*Joginder Singh*  
(Joginder Singh)  
Deputy Director, Railway Stores (G)  
Railway Board

No.73/RS(G)/779/30 Pt.II New Delhi, dated 31.3.1987

Copy to:-

1. The Controllers of Stores/All Indian Railways/  
P.Units, COMOW, DC/Patiala, W&AP/Bangalore,  
RE/Allahabad, Metro Rail/Calcutta.
2. CAOs/MTP(Rlys.), Bombay, Delhi & Madras.
3. F&CAOs/All Indian Railways/P.Units:
4. C.P.L.Os, All Indian Railways.
5. C.M.Es, CLW/DLW/ICF/W&AP/DCW.
6. Director General, RDSO/Lucknow.
7. The Principal, Railway Staff College, Vadodara.
8. The System Development Group, Central Railway & ICF.
9. ADAI(Railways), New Delhi (with 15 spares).
10. The R.L.O., Parliament Street, New Delhi.
11. FS-I, II & III, M(W), Vlg.IV, Accounts-I, II and III  
and RS(IC) Branches of Board's Office.
12. The Director/RRC, DEB, DME, DME(W), DEE, D(S&T),  
DCE, D(Track).

*Joginder Singh*  
(Joginder Singh)  
Deputy Director, Railway Stores(G)  
Railway Board



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

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No.73/RS(G)/779/30 Pt.II New Delhi, dated: 19.11.1987

The General Managers,  
All Indian Railways and  
Production Units.

Sub: Procurement of spares for Diesel and  
Electric Locos.

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Reference Board's letter of even number dated  
30.3.1987.

2. You are aware that the revised procurement procedure for Diesel and Electric Loco spares was issued by the Railway Board, after deliberations with the Sr. Officers of the Mechanical and Stores Departments of the Railways in the Board's office on 28.1.87, in the context of persistent complaints being received from MPs, Parliament Committees and Trade Organisations against the system of restricting purchases through limited tenders.

3. During the meeting, the various issues involved were discussed at length and it was identified that problems could arise mainly on account of:

(1) The extra time that would be required to issue open tenders instead of limited tenders.

(2) Delay in finalisation of the tender case taking into account the offers that may also be received from unapproved sources.

3.1 Since the new procedure was contemplated only for regular purchases, as distinct from emergency purchases, it was considered that the railways could plan their purchases sufficiently in advance to take care of the extra time required to issue open tenders - in any case, the additional time required to issue advertised tender would be only about 3 or 4 weeks.

3.2 With regard to the offers that may be received from the unapproved sources, it was made clear that even after issue of open tenders, the intention of the Board was to restrict bulk purchases only to the sources approved by the Railway, the other sources being considered for placement of trial orders only, that too provided their offers are competitive and also satisfy the standards required for the purpose.

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3.3. It was also explained during the above meeting that firstly the number of competitive and capable new entrants, especially for diesel and electric locos spares would not be very large; and in any case wherever pursuing trial orders in individual cases was causing inordinate delay, the Railways could finalise the tender committees in regard to the bulk orders first, taking the question of trial orders later through supplementary tender committees so that there is no delay in making the bulk purchases.

3.4.. It was thus concluded that the issue of advertised tenders, per se ought not to cause any quality or delay problems.

4. However, recently some complaints have been received in the Board's Office, that on some of the Railways, the finalisation of tenders is getting delayed on account of time required to evaluate offers received from other than approved sources. It is once again reiterated that, where such delays are likely, the railways should finalise the tender committees in regard to bulk quantity without waiting for the finalisation of trial orders and take up the latter through separate supplementary tender committees immediately thereafter. Necessary action may, therefore, be taken to ensure that there is no delay in procurement of these items..

5. The receipt of this letter may please be acknowledged.



(J.P. Char)  
Executive Director, Railway Stores  
Railway Board

No.73/RS(G)/779/30 Pt.II New Delhi, dated: 19.11.1987

Copy to:-

1. The Controllers of Stores/All Indian Railways/  
P.Units, COFMCW, DC/Patiala, W&AP/Bangalore/  
RE/Allahabad, Metro Rail/Calcutta.
2. G.Os/MTP(Rlys.), Bombay, Delhi & Madras.
3. FA&G.Os/All Indian Railways/P.Units.
4. C.P.L.Os, All Indian Railways.
5. G.M.Es, CLW/DLW/IGF/W&AP/DCW.
6. Director General, RDSO/Lucknow.

7. The Principal, Railway Staff College, Vadodara.
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10. The R.L.O., Parliament Street, New Delhi.
11. FS-I, II & III, M(W), Vig. IV, Accounts-I, II and III  
RS(IG) Branches of Board's Office.
12. The Director/RRG, DEB, DME, DME(W), DEE, D(S&T),  
DCE, D(Track).

*Jehan*  
(J.P. Char)

Executive Director, Railway Stores  
Railway Board



19/1/95  
No. 73/RS(G)779/30 Pt. II

(Railway Board)

New Delhi, Dated 17.01.95

The General Managers,  
All Indian Railways & Production Units

Sub: Procurement of Quality Spares.

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The question regarding ensuring quality and reliability of items procured for the maintenance and production of rolling stock, electrical and signalling equipment and such of the machinery and plant which are considered vital from the angle of safety and reliability etc., has remained under consideration of the Board all along. Instructions have been issued from time to time to procure such items from the approved suppliers through limited tenders even by dispensing with the mode of advertised tenders. However, during the discussions in various fora and the meetings held in Railway Board, it had been represented that process of obtaining approvals was time consuming as each case was required to be processed for GM's approval under Stores Code Para 331-S and hence any advantage accruing in this respect gets lost in the whole process.

2. After detailed examination of the matter the Board have decided in partial relaxation to the provisions under para 311-S as follows:

i) A Committee consisting of COS, FA&CAO(Coord) & PHOD of the concerned department such as GME/CBE/CSTE etc., will draw out lists of items of critical nature, where quality is of paramount importance and also the names of firms considered fit for supply of these items in acceptable quality. Such lists will be drawn for various groups of items and the short listed firms for various items under each group. Care, may, however, be taken to see that the firms manufacturing products of acceptable quality only are included in the list. The procurement of these items will then be made only through limited tenders from the firms shortlisted of the Committee.

ii). The recommendations of the Committee for limiting procurement of such critical items will then be put up for personal approval of GM of the Zonal Railways/Production Units for one time approval for fulfilment of provision under Para 331-S of Stores Code instead of approval on case by case basis.

2. Once the lists have been so approved, the procurement during validity of this list would be through limited tenders only from shortlisted firms. However, wherever the Committee

considers necessary developmental orders can be placed to develop new sources whose products should be thoroughly tested before additions/deletions to the list are made.

3. This system is approved by the Board on experimental basis for a period of 2 years to begin with. Its continuation will be considered after evaluation of the results on expiry of two years period.

4. The existing delegation in respect of restrictive procurement through RDSO approved sources in respect of items specified as such would however continue.

5. This issues with the concurrence of Finance Directorate of Railway Board.

(R.M. Agarwal)  
Executive Director Railway  
Stores (G)  
Railway Board

No. 73/RS (G)/779/30 Pt. II

New Delhi, Dated 17.01.1995.

Copy to:

1. ✓ The Controller of Stores/All Indian Railways/Production Units, COFMOW, DCW/Patiala, W&AP/Bangalore, RE/Allahabad, Metro Rail/Calcutta.
2. ✓ CAOS/MTP (Railways)/Bombay/Delhi & Madras.
3. ✓ FA&CAOS/All Indian Railways/Production Units.
4. ✓ C.M.Es, CLW/DLW/ICF/W&AP/DCW.
5. ✓ Director General/RDSO/Lucknow.
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9. ✓ The R.L.O. Parliament Street, New Delhi.
10. ✓ FS-I, II, & III, M(W), Vig. IV, Accounts-I, II and III and RS (IC) Branches in Boards' Office.
11. ✓ Executive Director/RRC, EDER, EDME (W), EDME (Tr.), EDEE (TBS),  
EDST, EDCE,



(R.M. Agarwal)  
Executive Director Railway Stores  
Railway Board (G)



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

904

No. 73/RS(G)/779/30 Pt.II

New Delhi, dt: 26-10-95.

The Controller of Stores,  
All Indian Railways &  
Production Units.

Sub:- Procurement of Quality Spares.

Ref:- Board's letter No. 73/RS(G)/779/30 Pt.II  
dt. 17.1.95 and M.M's D.O. dt. 3.8.95.

Board vide its above referred letters had issued instructions that a Committee consisting of COS, FA&CAO (Coord) & PHOD be set up to draw out a list of items of critical nature and also the names of such reliable firms considered fit for supply, with a view to ensure quality and reliability of items procured for the maintenance and production of rolling stock etc.

In this regard, MM had also addressed to the GMs to ensure that the exercise of preparing the lists be completed by 31.8.95. It is seen that some of the Rlys. are still in the process of preparation of such list and therefore, there is an urgent need to expedite so that the procurement could be limited to approved quality vendors.

Recently, Board(FC) in his address to the Accounts Officers on his visit to Southern Railway on 23.9.95 has minuted as follows in the inspection note:-

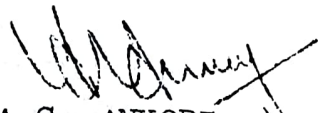
"In regard to the tendency to go in for lowest tender in every case, Finance Officers were told to play a more progressive role. It is in this context that the concept of life cycle cost is relevant. The practice of having approved vendors for selected items and limiting procurement only from them at least for crucial maintenance spares should be used more frequently".

In view of above, an urgent action is required to give shape to procurement through limited tenders from

-:2:-

reliable firms so short listed by the Committee in line with the instructions issued vide Board's above referred letter.

This issues with the concurrence of Finance Directorate of Railway Board.

  
( A.C. ANKODIA )  
Exe. Director, Rly. Stores(G),  
Railway Board.

No. 73/RS(G)/779/30 Pt.II New Delhi, dt: -10-95.

Copy to:- FA&CAOs, All Indian Railways & Production  
Units for information and necessary action.

Director Fin.(Stores)-I  
Railway Board.