

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

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

New Delhi, dated :03.05.2005

The General Manager, All Indian Railways & PUs.  
The Director General, RDSO, Lucknow.  
The General Manager, CORE, Allahabad.  
CAO/MTP, Mumbai, Chennai, Kolkata & Delhi.  
CAO/DMW, Patiala and COFMOW, New Delhi.

**Sub: Transparency in purchase.**

MR while presenting the Railway Budget for 2005-06 in Parliament had stated that:

"Every year the Railways make purchase of material worth thousands of crores of rupees. In certain cases the material cannot be supplied to the Railways at fair prices for want of limited number of approved suppliers. There have been complaints of cartel formation in the recent years, especially in tenders of concrete sleepers. Therefore, it has now been decided that in all such cases where Railways are not able to procure stores at fair prices for want of the adequate numbers of suppliers, efforts would be made to develop the new vendors in the public or private sector in order to infuse healthy competition amongst them. It has also been decided that the value of the tender will be determined on the basis of total cost of the supply which will be inclusive of local taxes etc. and it will be kept low to the extent possible."

In pursuance of the above objectives, the following decisions have been taken by Board:-

- (1) COSs should identify the items where Railways/PUs are not able to procure stores at fair price for want of adequate number of suppliers. This process should be completed within three months.
- (2) Source developing/ approving authority (RDSO, PUs & Zonal Railways) should be given this list of identified items to develop more sources for the same. This process of developing adequate sources should be completed within six months from the time such items have been identified.

Contd..2/-

- (3) The system of Open Tendering (Advertised/ Global Tender) followed on Indian Railway, provides an opportunity towards development of new sources. Wherever offer from new sources are received and such sources are prime facie found suitable to develop a particular item, they should be tapped and developed in a time bound manner. The sources approving authority should ascertain the capacity/capability of such sources in shortest possible time say within six months of advice from purchase authority. The progress of such cases should be regularly monitored at CHOD level and quarterly report be sent to Board.
- (4) Cartel formation by suppliers should be tackled in terms of Board's instructions issued vide letters no. 2001/RS(G)/779/4 dated 05.08.02.
- (5) The value of the tender should be determined on the basis of total cost of the supply including taxes. In this regard, it is reiterated that Board's instructions issued vide letter no. F(X)-II 2004/PW/7 dated 14.09.2004 should be scrupulously followed

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

Compliance & action taken on the above be sent to Board by the end of every month.

(P.S. Meena)  
Dy. Director, Railway Stores(G)  
Railway Board

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

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Copy to:

- 1 The FA&CAOs, All Indian Railways & PUs.
- 2 The CMES, All Indian Railways.
- 3 The CEEs, All Indian Railways & PUs.
- 4 The CEs, All Indian Railways & PUs.
- 5 The CSTE's, All Indian Railways & PUs.
- 6 The COS, All Indian Railways/PUs.
- 7 The COS/Konkan Railway Corporation Ltd., Raigad Bhavan, 8<sup>th</sup> Floor, Sector- 11, CBD, Belapur, Navi Mumbai-400614.
- 8 The COS/Mumbai Rail Vikas Corporation, 2<sup>nd</sup> Floor, Church Gate Station Building, Mumbai-400020.
- 7 The Director General, Railway Staff College, Vadodara.