

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

No. 98/RS(G)/709/1

New Delhi, dt: 30-05-2006

The General Manager,  
All Indian Railway & Production Units,  
The General Manager (Const.), N.F. Railway, Guwahati.  
The Director General, RDSO, Lucknow.  
The General Manager, CORE, Allahabad.  
CAO/MTP, Mumbai, Chennai, Kolkata .  
CAO/MTP, NBCC Place, Bhishma Pitamah Marg, Pragati Vihar, New Delhi.  
CAO/DCW, Patiala and COFMOW, New Delhi.

**Sub:- Report of the committee on issue of terms and condition and other related aspects of M&P procurement both import and indigenous.**

A committee of 3 SAG level officers viz. COS/COFMOW, FA&CAO/COFMOW and CME/DLW was nominated to make recommendations on the issue of terms and conditions to be incorporated and other related aspects to Machinery & Plant procurements - both import and indigenous. Accordingly, the committee have gone through the existing instructions on the subject and submitted its recommendations to Board. Board after detailed deliberation on the recommendations has approved the following modifications to the tender conditions and guidelines for procurement of M&P.

Following modifications may be incorporated in the Tender Conditions for procurement of M&P:-

**1. Element of Freight for indigenous purchase:**

- (a) In case where the consignees are more (say more than 4 or so), tenderers are required to quote for the FOR station of dispatch prices with an average freight for all consignees, which will be added to FOR station for dispatch price to get FOR destination prices.
- (b) In case where the consignees are four or less, tenderers are required to quote FOR station of dispatch price with actual freight for each individual consignee, which will be added to FOR station of dispatch price to get FOR destination prices for each individual consignee.



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## 2. Timely Commissioning of M&P:

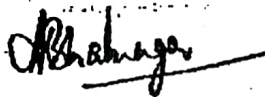
In the event of contractors' failure to have M&P commissioned by the time or times respectively specified in the letter of acceptance or contract, purchaser may withhold, deduct or recover from the contractor as penalty, a sum @ 2% (two percent) of the price of M&P which the contractor has failed to commission as aforesaid for each and every month (part of a month being treated as a full month) during which the M&P may not have been commissioned, subject to an upper limit of 10% (ten percent) of contract value.

## 3. Warranty:

- (a) Warranty period for M&P will be 24 (twenty four) months from the date of commissioning and proving out of M&P. A Maximum period of 2 (two) weeks will be allowed for attending and rectification of faults during the warranty period.
- (b) Maximum down time during the warranty period will be 2% (two percent) for on-line M&P and 10% (Ten percent) for off-line M&P calculated on quarterly basis.
- (c) A penalty of 0.5% (Zero point five percent) per week of the contract value will be levied for delay in response time for attending and rectification of faults beyond specified time during the warranty period as detailed above.
- (d) Maximum penalty to be levied on account of warranty failure will be 5% (Five percent) of the contract value calculated during whole of warranty period and after that if there is any delay on the part of supplier, purchaser shall be entitled for encashment of WG Bonds. In such cases the bad performance of firm during the warranty period, the same should be recorded and circulated to all Railways. The same should be given due regard in deciding future orders on the firm and where evidence to the contrary is not available, the firm's offer may be even rejected.

## 4. Annual Maintenance Contract:

- (a) Tenderers are required to quote for post warranty Annual Maintenance for a period of five years after expiry of the warranty period of the M&P along with their offers.



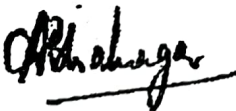
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-: 3 :-

- (b) Tenderers are required to mention such AMC schedule of such Annual periodic maintenance along with offers giving the charges for AMC maintenance schedule and other details of items to be used in such preventive maintenance.
- ✓(c) The charges of Annual preventive maintenance schedule for five years along-with the cost of items to be used in preventative maintenance schedule during these five years are payable to supplier and sum total of these charges would be included in the FOR destination price quoted for M&P for the purpose of comparative evaluation of offer.
- (d) Tenderers are required to give the cost of essential spares and service charges for each items of work of repair of M&P outside preventive maintenance contract. These charges will not be included in the price of M&P for the purpose of comparative evaluation of offers.
- (e) The terms & conditions of AMC must clearly specify the maximum down time and maximum response time.
- (f) Tenderers who are OEM, must give undertaking for supply of spare parts for a period of expected life of the machine/equipment. Other tenderers must submit undertaking from OEM for supply of spare parts for a period of expected life of the machine/equipment.

##### **5. Payment Terms:**

- (i) **Payment to foreign supplier:** Payment against foreign supplies shall be made through Letter of Credit. All charges, including the confirmation charges of L.C., levied by foreign Banks, shall be borne by the supplier. The standard payment terms subject to recoveries if any, under the liquidated damages clause and general condition of contract will be as under:-
- ✓(a) 80% of the payment against irrevocable L.C. on proof of inspection certificate and shipping documents within 30 days of receipt of shipping documents as specified.
- (b) Balance 20% payment within 90 days after installation/ commissioning and proving out test of M&P subject to submission of bank guarantee for an amount of 10% of contract value, as warranty security.



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(ii) **Payment against indigenous supply:** The standard payment terms subject to recoveries if any, under the liquidated damages clause and general condition of contract will be as under:-

(a) 80% of the payment on proof of inspection certificate and Rail/Road Chit to be made within 30 days of receipt of documents as specified.

(b) Balance 20% payment within 90 days after satisfactory installation/ commissioning and proving test of M&P subject to submission of bank guarantee for an amount of 10% of contract value, value as warranty security.

Railways are further advised to keep in view the following guidelines while procuring M&P:-

(1) Turnkey contract in case of indigenous contract may be concluded for large and complex plants on case to case basis.

(2) Inspection of M&P items will be carried by M/s RITES

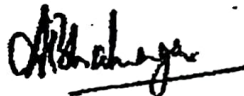
(3) In case of bad performance of firm during the warranty period, the same should be recorded and circulated to all Railways. The same should be given due regards in deciding future orders on the firm and when evidence to the contrary is not available, the firm's offer may even be deleted.

(4) Insurance upto ultimate consignee must be ensured.

(5) For assessing the capacity/capability of the foreign firm, tender documents should include submission of Performance Statement giving details of same or similar equipments manufactured / supplied by tenderer in the last five years must be ensured in the Tender Documents. Tender Committee should examine the credentials, capacity/ capability of firms & satisfactory performance of same/ similar equipments manufactured/ supplied by tenderer to other customers.

(6) For timely site preparation, all indenters should identify/ decide location of site for installation of M&P before submitting indents for procurement.

Other terms and conditions for procurement of M&P remain unchanged.



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

*Aruna Jain*  
( Aruna Jain )  
Dy. Director Rly. Stores(G)-II  
Railway Board.

No. 98/RS(G)/709/1

New Delhi, dt:30-05-2006

Copy to:

1. The COSs, All Indian Railways/PUs
2. The COS/Konkan Railway Corpn. Ltd., Raigad Bhawan, 8<sup>th</sup> Floor, Sector - 11, CBD, Belapur, Navi Mumbai - 400 614,
3. The COS/ Mumbai Rail Vikas Corporation, 2<sup>nd</sup> Floor, Church Gate Station Building, Mumbai - 400 020.
4. The Director General, Railway Staff College, Vadodara.
5. The Principal -
  - (i) Indian Railway Institute of Sig. Engg. & Telecom, Secunderabad.
  - (ii) Indian Railway Institute of Mech. & Elec. Engg., Jamalpur.
  - (iii) Indian Railway Institute of Elect. Engg., Nasik.
  - (iv) Prof. (Inv. Mgt.), Railway Staff College, Vadodara.
6. Chairman, Railway Rates Tribunal, Chennai.
7. Executive Director, Iron & Steel, 3, Koila Ghat Street, Kolkata.
8. The MD, RITES, New Delhi House, Barakhamba Road, New Delhi.
9. Chief Commissioner, Railway Safety, Lucknow.
10. ED(QA)/RITES, RITES Bhawan, Sector - 29, Gurgaon ( Haryana).

*Aruna Jain*  
( Aruna Jain )  
Dy. Director, Rly. Stores(G)-II  
Railway Board.

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Copy to:

1. FA&CAO, all Indian Railways & Production Units.
2. The ADAI(Rlys.), New Delhi (with 10 spare copies).
3. The Director of Audit, All Indian Railways.

*Abhaya*  
for Financial Commissioner / Railways.