

ANNEXURE II/4-15

Copy of letter No. 68-BC-PAC/IV/23/20 dated 25th October 1968 from Director (Civil Engineering), Railway Board, New Delhi. Addressed to General Manager, all Indian Railways, etc.

Sub : **Recommendation No. 20 of the 23rd Report (Fourth Lok Sabha) of the Public Accounts Committee on Para 33 of the Audit Report (Railways) 1967-Western Railway- Extra expenditure due to failure of a Contractor.**

In a case reported in Para 33 of the Audit Report (Railways) 1967, a Railway Administration awarded a contract for supply of Ballast at a cost of Rs. 5.46 lakhs to a Contractor who was not on the approved list without formally verifying his credentials before accepting his offer. As a result of subsequent failure of the contractor, the Railway Administration had to make alternative arrangements, resulting in an extra expenditure of about Rs. 1.86 lakhs.

The Public Accounts Committee in their comments on this para have criticised -the award of such a big contract to a Contractor whose credentials were not properly verified. **Para 1104** of the Indian Railway Code for the Engineering Department as well as **Para 2** of the Standard regulations for tenders and contracts require that no work on supply should be entrusted for execution to a contractor whose capabilities and financial status have not been investigated before hand and found satisfactory. The instructions laid down are sufficiently elaborate and there should be no occasion for any lapse or failure to follow the prescribed procedure. The attention of all concerned should be drawn to these standing orders in order to ensure that such instances do not occur in future.

ANNEXURE-II/4-16

Copy of letter No. 73/RS (G)/779/59 dated 12th November 1973 from S. N. Pandey, Deputy Director Railway Stores, Railway Board, New Delhi. Addressed to General Managers, all Indian Railways including I. C. F.

Sub : **Stores Contracts--Extension of delivery period in instalment delivery contracts-Distinction between "entire" contracts and "severable" contracts.**

An extract from the D. G. S. & D.'s Office Order No. 18 dated 1st January 1973 on the subject indicated above is appended. The position explained therein may be noted for information and guidance while dealing the Railways with direct purchase orders placed by Railways.

Please acknowledge receipt.

Copy of Office Order No. 18 dated 1st January 1973 from Directorate General of Supplies and Disposals (Co-ordination Supplies Section CDN-2).

Sub : **Delivery period/Grace period/Downward trend in prices**

The instructions on the subject as current on 31st December 1972 are reproduced below for the guidance of all concerned.

X X X X X X X