

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

No. 77/RS(G)/779/17.

New Delhi, dated: 23-1-79.

The General Managers(S)
All Indian Railways & Production Units &
Wheel & Axle Plant, Bangalore.

Sub: Placement of contracts on unregistered and untried firms through advertised tenders.
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1.0 Para 325-S of the Stores Code stipulates that when tenders are invited by Public Advertisement, the issue of tender forms should not be restricted to firms whose names are on the list of approved suppliers (either approved by RDSO or by Railways themselves). Ministry of Railways have been considering how the tenders from such unregistered and untried firms should be dealt with.

2.0 Instructions already exist that all unregistered firms should furnish along with their quotation, the income tax clearance certificate, the name and full address of their bankers, the performance statement in the prescribed proforma regarding supplies made by them against contracts received from other Railways, DGS&D and other agencies for similar stores in the past 3 years, details of equipment they possess for manufacture of the said stores including quality control in a prescribed proforma, details of technical personnel employed etc. Instructions also exist that earnest money and security deposit should be had from all unregistered firms, unless they are waived as per extant instructions by the competent authority. The above particulars would enable the Railway to ascertain the capacity and financial standing of the firms for considering placement of orders. Therefore, should the firm fail to furnish the above particulars their offer should be ignored. In case firms who furnish the above particulars and where prima facie the Railway feel that the firm is capable of supplying the required stores, the capacity-cum-capability could be verified either by deputing their own representatives or by using the agency of RDSO, DGS&D or RILPS in terms of Board's instructions contained in letter No. 76/RS(G)/16/16 dated 21.2.78. At least 80% of the demand should be covered invariably on the registered/approved suppliers. The balance quantity upto 20% could be covered on the unregistered firms

4/3 No. 70/RS(G)/615/8 dated 17.6.70.

.....2/-

whose capacity could not be tried by an educational order earlier but whose offers are competitive and prima facie the Railway is satisfied that they are capable of executing the order. In all cases of educational orders the Inspection agency should be carefully chosen to ensure quality, viz.- in the case of safety items preferably RDSO should be utilised. For signalling safety items only RDSO should be utilised, as enjoined in 70/RS(G)/645/8 dated 17.6.70. If these educational orders are satisfactorily executed by the firms concerned, these firms should be placed in the list of approved sources. Where educational orders, however, fail, these firms should not be included in the approved list and the shortfall in quantity to be procured should be covered on the approved/registered suppliers holding purchase orders/contracts by exercising the option clauses available as per IRS Conditions.

L Board's letter No.

3.0 There may be some cases of procurement of critical materials where Railway may not be willing to undertake the risk of the failure on the part of the supplier on whom the educational orders have been placed, as only about 80% of the supply would have been assured by placement of the orders on Registered/approved suppliers. In such cases, Railway may decide in consultation with the Finance keeping in view the budgetary and other aspects to go in for increased purchase quantity so that 100% order could be placed on Registered/Approved suppliers and quantity not more than 1/4th of the order could be placed as an educational order. The type of circumstances when such situation may arise may be delivery viz., offered in the development orders is protracted, the item is of a complicated nature with likely delays in supply by a new supplier, etc.

4.0 The above instructions are in amplification of those issued on procurement of sophisticated spares vide Board's letter No. 73/RS(G)/779/30 dated 21.1.74.

5.0 The above procedure is to be followed generally; but there may be also some cases where the administration may consider after due verification that the new supplier, who has quoted competitive rate, is having the required capacity-cum-capability and in those cases as well there is no objection to the Railway Administration placing bulk orders on these suppliers straightaway in consultation with Finance and approval of competent authority.

.....3/-

6.0 This is issued with the approval of Finance Directorate.
of the Ministry of Railways.

[Signature]

(S.B.J. Rajaiah)

6.1.79

Director, Rly. Stores,
Railway Board.

Copy forwarded for information to:-

1. Director General, R.D.S.O., Lucknow.
2. R.L.O., Parliament Street, New Delhi.
3. All Branches of Stores Directorate, FS(I), II, III, Track, WI, II, III, RE(S), M(M&P), Dev. Cell of Board's office.
4. C.A.O., MTP/Railways/ Delhi/Bombay/Madras.
5. General Manager/MTP/Rlys/ Calcutta.
6. Director (Vig), Railway Board (with 5 spares).

[Signature]

(S.B.J. Rajaiah)

6.1.79

Director, Railway Stores
Railway Board.