

भारत सरकार GOVERNMENT OF INDIA
रेल मंत्रालय MINISTRY OF RAILWAYS
रेलवे बोर्ड RAILWAY BOARD

No. 2017/Trans/01/Policy

New Delhi, dated: 17 - 11- 2017

The General Manager, All Indian Railways/PUs, NF(Con), CORE
The DG/RDSO & NAIR,
CAOs, DMW/Patiala, WPO/Patna, COFMOW/NDLS, RWP/Bela

Sub: Process Reforms -Improving Delivery & Performance: Contracts

Indian Railways is the lifeline of the nation and it needs to serve the people of the country safely & efficiently. Field officials have to be empowered and instilled confidence in order to take decisions in the best interest of work, within the broad framework of rules. Following contract related matters have been considered, to simplify and streamline the decision making process.


1. Discharge of tenders in the event of lowest (L1) bidder withdrawing from the procurement process

(a) There are several instances where tenders have to be discharged and fresh tenders invited because of L-1 bidder's withdrawal. Finalization of tenders get delayed. As per the instruction from CVC vide letter No. 98/ORD/1 dated 24.08.2000 the current practice being followed on IR is "if L-1 Party backs out, there should be re-tendering in a transparent and fair manner. The authority may in such a situation call for limited or short notice tender, is so justified in the interest of work and take a decision on the basis of lowest tender".

(b) However, as per para 7.5.11 (i) f of the *Manual for Procurement of Goods 2017 Ministry of Finance, Department of Expenditure Chapter – 7*, following procedure is to be adopted for dealing with cases where L-1 bidder withdraws:

"If the bidder, whose bid has been found to be the lowest evaluated bid withdraws or whose bid has been accepted, fails to sign the procurement contract as may be required, or fails to provide the security as may be required for the performance of the contract or otherwise withdraws from the procurement process, the Procuring Entity shall cancel the procurement process. Provided that the Procuring Entity, on being satisfied that it is not a case of cartelization and the integrity of the procurement process has been maintained, may, for cogent reasons to be recorded in writing, offer the next successful bidder an opportunity to match the financial bid of the first successful bidder, and if the offer is accepted, award the contract to the next successful bidder at the price bid of the first successful bidder."

It has been decided to follow the latest guidelines of MOF mentioned above in cases of Stores and Services (other than Consultancy) Tenders.


12/11/2017

2. Delay in deposition of performance guarantee in the Works Contracts within the stipulated period of 60 days

At present, difficulties are normally experienced in the field where the selected bidder is not able to submit the performance guarantee within the stipulated period of 60 days and the tender is discharged even if the delay is by one day.

Based on due deliberations, it has been decided to modify the relevant Clause 16. (4) (a) of GCC with the new clause as under:


"The successful bidder shall have to submit a Performance Guarantee (PG) within 30 (thirty) days from the date of issue of Letter Of Acceptance (LOA). Extension of time for submission of PG beyond 30 (thirty) days and upto the date of submission of PG from the date of issue of LOA may be given by the Authority who is competent to sign the contract agreement. However, a penal interest of 15% per annum shall be charged for the delay beyond 30 (thirty) days, i.e. from 31st day after the date of issue of LOA. In case the contractor fails to submit the requisite PG after 60 days from the date of issue of LOA, a notice shall be served to the contractor to deposit the PG immediately (however not exceeding 90 days from the date of issue of LOA). In case the contractor fails to submit the requisite PG even after 90 days from the date of issue of LOA, the contract shall be terminated duly forfeiting EMD and other dues, if any payable against that contract. The failed contractor shall be debarred from participating in re-tender for that work."

3. Variation in Contracts

In quite a number of cases while the contract is in operation, variations are resorted to in accordance with the terms and conditions of the contract. Field officers are generally afraid of taking risk despite the variation being a reasonable option in the given situation.

Regarding Variations as defined in Para 1265 of Engineering Code following clarification is issued:

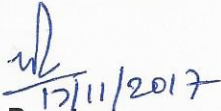
"Contracts are a means of execution of works and as an executive; our primary role is to achieve the desired performance. It is seen that the executives are becoming more and more risk averse in taking decisions, citing various apprehensions regarding variations which are governed by para 1265 of the Engineering Code. As a matter of fact, variations in conditions, rates, quantities and items are permitted as per Engineering Code. It should however be governed by the basic principle that the variation should be limited so as not to completely change the scope, character and purpose of the original contract. The CVOs may also take an active part in such education. The executive taking decision with regards to variations may inter alia keep in mind the opportunity cost of not taking a decision, delaying it and the importance of a project which may even impact the image of the Railways."


17/11/17

4. Extension of Earning Contracts

Earning contracts may be extended, for a reasonable time period (to be defined in the contract document, based on the duration of contract) with mutual agreement between the parties, under special circumstances till a new contract is expeditiously finalized to ensure continuum of earnings.

5. This is issued with the approval of the Chairman Railway Board. Kindly acknowledge the receipt and ensure compliance.


17/11/2017
(T.K.Pandey)

Executive Director (Civil) Transformation

No. 2017/Trans/01/Policy

New Delhi, dated: 17-11-2017

Copy to

1. The ADAI (Railways), New Delhi
2. The Director of Audit, All Indian Railways
3. The Director, Indian Railway Institute of Civil Engineering, Pune.
4. The Director, Indian Railway Institute of Mechanical and Electrical Engineering, Jamalpur.
5. The Director, Indian Railway Institute of Signal Engineering and Telecommunications, Secunderabad.
6. The Director, Indian Railway Institute of Electrical Engineering, Nasik.
7. The Executive Director, Indian Railways Centre for Advanced Maintenance Technology, Gwalior.
8. The Director, Indian Railway Institute of Transport Management, Lucknow.
9. The Registrar, Railway Claims Tribunal, Delhi.
10. The General Secretary, IRCA, New Delhi.
11. The Chief Commissioner of Railway Safety, Lucknow.
12. The Secretary, Railway Rates Tribunal, Chennai.
13. The Chairman, Railway Recruitment Board, Ahmedabad, Ajmer, Allahabad, Bangalore, Bhopal, Bhubaneswar, Chandigarh, Chennai, Gorakhpur, Guwahati, jammu & Srinagar, Kolkata, Malda, Mumbai, Muzaffarpur, Patna, Ranchi, Secunderabad and Trivandrum.

Copy to:

1. The Genl. Secy., AIRF, Room No. 248, & NFIR Room No. 256-C, Rail Bhavan
2. The Secy. Genl., IRPOF, Room No. 268, FROA, Room No. 256-D & AIRPFA, Room No. 256-D Rail Bhavan

Copy to:

1. PS to MR, MOS(S), MOS(G)
2. CRB, FC, ME, MTR, MRS, MS, MT, SECY, DG (RHS), DG (RPF), DG (Stores), DG(Pers), DG(S&T)
3. All AMs, Principal Executive Director & Executive Directors of Railway Board


17/11
(T.K.Pandey)

Executive Director (Civil) Transformation