भारत सरकार Government Of India
रेल मंत्रालय Ministry Of Railways
(रेलवे बोर्ड) (Railway Board)

No. 2015/CE-I/CT/AP/1 **New Delhi, dated 19.06.2015**

The General Managers,
All Indian Railways and Production Units.

Sub : Provisional Paragraph no. 20 regarding "Contract Management (Works contract) in Indian Railways" proposed for inclusion in the Report of the Comptroller and Auditor General of India – Union Govt. (Railways) for the year ended 31.3.14.

A copy of Dy.CAG's D.O. letter no. 187-Rly/SCR/12-7/2014/Pt.I, dated 23.2.15, addressed to CRB, on the above-mentioned subject was sent to Zonal Railways vide this office letter of even no., dated 23.3.15.

2. Dy.CAG has pointed out several areas where Zonal Railways need to improve the works tender / contract management system as per extant instructions. These are summarized as under :

(i) Tender Notice Period should be reduced below 30 days only when very necessary and after following conditions laid down in Railway Board' circular no. 2007/CE-I/CT/18 Pt. II, dated 30.07.2010. Tender Notice Period should never be reduced below 12 days (Para no. 2.1.2 of Provisional Para no. 20).

(ii) Zonal Railways should make efforts for higher participation by tenderers. Zonal Railways should ensure that restrictive tender conditions and delay in completion of works due to the reasons on part of Railways do not drive away the contractors from participating in railway tenders (Para no. 2.1.2(a).

(iii) As far as possible, Railways should finalize tenders within validity period of bids. Also, Railways should not delay issuance of Letter of Acceptance (LOA) after finalization of tenders (Para no. 2.1.3).

(iv) There should be no delay in signing of Contract Agreement after submission of Performance Guarantee by the contractor (Para no. 2.1.4).

(v) Proper planning should be done before floating tenders, so that there are minimum cases of discharge of tenders due to non-availability of site / design / approvals or extension in Date of Completion on these grounds. Excess variations after award of contract should be avoided (Para no. 2.1.5, 2.2.3 and 2.2.5).

(vi) Extensions to Date of Completion should not be granted in a routine manner. Moreover, where there is delay on account of contractor, extension should not be granted under Clause 17-A(ii) to GCC (Para no. 2.2.3).

(vii) Additional Performance Guarantee must be obtained from the contractor, if the value of work increases by more than 25% during execution of contract, as stipulated in Clause 16(4)(d) to GCC (Para no. 2.2.5).

3. Dy.CAG has also pointed out several cases where either recoveries have not been made from contractors or short-recoveries have been made, by Zonal Railways (excluding Production Units) on account of penal interest on amount of Performance Guarantee, excess payment on account of price variation (PVC), recovery of advances given to contractors, recovery of statutory taxes, penalty for not deploying qualified engineer, Construction Workers' Welfare Cess etc.

In such cases, if recovery is due, Zonal Railways should immediately recover amount from the contractors. If recovery against contractor is due in other contract cases (which have not been pointed out by Audit), the same should also be recovered immediately by Zonal Railways and Production Units.

4. Action on above subject may be ensured by Railways and detailed report in this regard may please be sent to this office within one month of the issue of this letter.

(आलोक कुमार) 19/6/15

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Copy to The Principal Chief Engineers, CAO/Cs and FA&CAOs; all Indian Railways for information and necessary action