Government of India(Bharat Sarkar)
Ministry of Railways(Rail Mantralaya)
(Railway Board)

No.2012/RS(PF & EC) 142/Coaches/17 New Delhi, dt. 06.9.2012

M/s Jessop & Co. Ltd.,
21&22, Jessore Road,
Dum Dum,
Kolkata-700 028.

Dear Sirs,

Sub: Supply of ACEMU coaches.

Ref: (i)Ministry of Railways' Tender No.2009/RS(PF & EC)-142/Coaches/5 Opened on 10.6.2011;

(ii) Your offer No.EMU(MKT)/JS/ACEMU/TEN/5 dated 09.06.2011;

(iii) Ministry of Railways' Counter Offer No.2009/RS(PF & EC)-142/ Coaches/5 Dated 02.7.2012;

(iv) Your acceptance No.VP:PBR:6:ACEMU:07 dated 16.7.2012.

The President of India, acting through the Executive Director, Railway Stores(S), Ministry of Railways(hereinafter called the 'Government') is pleased to place a regular order on you for supply of the following ACEMU stock on the terms and conditions stated below:

2. **DESCRIPTION, SPECIFICATION, QUANTITY ORERED AND PRICE**

S.No.	Item No./Year of RSP	Type of ACEMU coach	Specification	Quantity	Sale price inclusive of Excise Duty @1.03 % and VAT @ 4% and inclusive of the cost of components

					to be procured by the contractor. (per coach Rs.)
(1)	(2)	(3)	(4)	(5)	(6)
1.	857/2012-13	Motor Coach 'B'	Particular Specification for 3-Car ACEMU Rolling Stock for Non Elevated Track (BG-1676 mm) No.RDSO/2006/CG/B-05(Rev.4) of January, 2011, issued by Research Designs and Standards Organisation, Manak Nagar, Lucknow, subject to note below.	**18 Nos.** (Eighteen Nos. in rake formation) **plus** **5 Nos.** (Five Nos. loose)	**1,60,17,903.64** (Rs. One crore, sixty lakhs, seventeen thousand, nine hundred and three and paise sixty four only)
2.	858/2012-13	Trailer Coach 'C'		**24 Nos.** (Twenty four Nos. in rake formation)	**91,10,499.44** (Rs. Ninety one lakhs, ten thousand, four hundred and ninety nine and paise forty four only)
3.	858/2012-13	Trailer Coach 'D'		**12 Nos.** (Twelve Nos. in rake formation)	**86,79,442.00** (Rs. Eighty six lakhs, seventy nine thousand, four hundred and forty two only)

Note: Para No.5 with sub para 5.1 to 5.11 regarding VENTILATION and sub para 8.1 of Para 8 regarding DRIVER'S CAB of the Specification shall be treated as deleted.

2.1 The ACEMU coaches(except loose coaches indicated above) shall be delivered in 9-car rake comprising 3 Nos. Motor Coach 'B', 4 Nos. Trailer Coaches 'C' and 2 Nos. Trailer Coaches 'D'. Full testing of ACEMU coaches shall be done in the contractor's premises before dispatch so that the ACEMU rake is fit to run safely in all respects from the firm's premises to Railway.

2.2 The place of manufacture shall be at Jessop & Co. Ltd., Dum Dum Works, Kolkata, West Bengal.

2.3 Place of delivery shall be F.O.R. at Jessop & Co. Ltd., Dum Dum Works, Kolkata, West Bengal.

3. DESIGN, DRAWINGS AND TECHNICAL GUIDANCE

3.1 An agreement shall be signed in the prescribed format between ICF and the contractor for obtaining design, drawings and technical guidance for manufacture of ACEMU coaches and to protect the proprietary drawings that are handed over to them. A copy of the said agreement, duly attested by a Gazetted Officer from ICF, shall be submitted by such contractor(s)/firm(s) to their Paying and Inspecting authorities failing which inspection and/or payment of ACEMU coaches manufactured shall not be done.

3.2 The drawings and technical details would be provided free of cost by ICF but the incidental expenses connected with preparation and printing of drawings and cost of booking staff etc. as well as all Governmental applicable charges relating to or arising out of the agreement or of any rights in the form of permits, stamp duties, registration fees, contribution or taxes of any governmental or local law or any decree would be realised from the contractor/firm at actuals.

3.3 In case the contractor has already signed an agreement with ICF and obtained drawings against a previous or current contract, necessary revalidation of the agreement shall be done and updated/amended drawings, if any, shall be obtained from ICF. Any incidental costs thereof to the extent indicated above shall also be to the Tenderer'saccount.

4. TOTAL VALUE OF THE CONTRACT

The total value of the contract works out to Rs.69,12,17,074.28 (Rs. Sixty Nine crores, twelve lakhs, seventeen thousand and seventy four and paise twenty eight only)

5. TAXES AND DUTIES

5.1 Excise Duty plus Education Cess and Value Added Tax(VAT) would be reimbursed on the total cost of the coach including the cost of free supply items against documentary evidence as per rates ruling on the date of supply. Present rate of ED is 9% ad valorem without availing CENVAT benefit and Education Cess thereon is 3% on ED. Present rate of VAT in the State of West Bengal is 4%.

5.2. Excise Duty @ 1% without CENVAT credit plus 3% Education Cess on ED and VAT @ 4% are already included in the prices indicated in Column 6 of table at para 2 above.

5.3 The contractor while claiming the payment for ACEMU coaches shall furnish the following certificate to the Paying Authority:

... already declare that additional set off/input tax credit to the tune of Rs. ____ has ... and accordingly the same is being passed on to the purchaser and to that effect the ... may be adjusted."

6. FREE SUPPLY ITEMS

6.1 The prices indicated in Column 6 of table at Clause 2 above are exclusive of the cost of following items which will be issued to the Contractor by the Government as 'free supply' items F.O.R. Contractor's works' siding, if any, or the nearest Railway Station. Load and lift from this place to the site of work shall be to the Contractor's account:

(i) Steel raw material as per Schedule at Annexure VI;
(ii) Wheelset assembly without bearing; and
(iii) Electric traction Equipments as per list at Annexure VI..

6.2 Steel will be procured and supplied by Director, Railway Stores(I&S), Railway Board, Kolkata, within the ceiling as per prescribed schedule. Steel other than those included in the free supply schedule has to be arranged by the contractor at his own cost. No reimbursement to be made by Railways for procurement of such steel. Contractor will have to render the accounts regularly as per proforma in use and advised by Director, Railway Stores(I&S), Railway Board, 3, Koiaghat Street, Kolkata. The Government reserves the right to alter this ceiling (as per prescribed schedule) in case steel is supplied in sizes different than those on which present Annexure VI is based. Scrap arising will be retained by the Contractor.

6.3 Allocation of wheelsets and electrics will be done by the Government subject to the contractor furnishing the prescribed Indemnity Bond. Regular accounts will have to be furnished for those items to Railway Board in the required manner.

6.4 Contractor is required to furnish Bank Guarantee Bond for steel to be supplied by President of India in terms of clause 1(b) of the Special Conditions of Contract.

6.5 The said Bank Guarantee shall incorporate reference of this contract. Value of the Bank Guarantee will be normally 4 months stock limit of steel. Government, however, reserves the right to increase this value at any time during currency of the contract. The stock of steel with the Contractor at any point of time should not exceed the limit of Bank Guarantee. If at any time it exceeds the value of the Bank Guarantee then Bank Guarantee to cover this excess value should immediately be furnished by you. This Bank Guarantee shall be valid for 3 months beyond the schedule delivery date in the contract.

6.6 Planning of steel would start only after getting the requisite Bank Guarantee to the satisfaction of the concerned authorities. Bank Commission charges for this Bank Guarantee, however, would be borne by the contractor. This Bank Guarantee will be released only after finalisation of completion report of steel.

6.7 Contractor should submit completion report to DRS(I&S), Railway Board, Kolkata, within 3 months of completion of supplies, duly vetted by RDSO/RITES.

6.8 Planning of other free supply items i.e. wheelsets and Electric Traction Equipments will be done by Railway Board and will start only after submission of Indemnity Bond by the contractor. Planning will be done in such a way that stock of these items with Contractor do not exceed the value of Indemnity Bond. Completion report for these free supply items will have to be submitted by the contractor in the proforma prescribed by the Government.

6.9 Accounts of all free supply items is required to be furnished on monthly basis in the proforma prescribed by the Government.

6.10 The Contractor shall follow the exact contractual provisions laid down in the Special and Additional Special Conditions of Contract relating to supply, accounting and market purchase of 'free supply' steel and shall provide such further and additional accounts and other details as may be required by the Government from time to time.

7. DELIVERY

7.1 Supplies will commence within 3 months after placement of the order. Delivery would be made @ 1 rake per month.

7.2 Contractor shall submit a monthly statement of production of ACEMU coaches in the proforma prescribed by the Government duly certified by the Inspecting Authority by the 10th of every month.

8. INSPECTION

8.1 Inspection of the ACEMU coaches would be done by M/s RITES. Inspection of the 'free supply' wheelsets would be done by the Inspecting Wing of the nominated Railway Workshop.

8.2 It will be open to the President of India to change the Inspecting Authority, if necessary, at a later stage.

9. SECURITY DEPOSIT

9.1 The contractor shall deposit with the Chief Cashier of a Zonal Railway, a sum equal to 10% of the total value of the stores for which the tender has been accepted as Security Deposit for the due fulfilment of the contract. Security Deposit would, however, be upto a maximum of Rs.10(ten) lakhs for contracts valuing upto Rs.10 crores and Rs.20(twenty) lakhs for contracts valuing above Rs.10 crores.

9.2 The Security Deposit may be paid in any of the following manner:

(i) In the form of Deposit receipts, Pay Orders, Demand Drafts, Guarantee Bonds issued by Nationalised or Scheduled Commercial Banks.
(ii) Bonds of Indian Railway Finance Corporation and KRCL Bonds.
(iii) Government securities at 5% below the market value.
(iv) Deposit in the Post Office Savings Bank .
(v) A percentage deduction, ordinarily 10% from periodic payments made on account of work done or supply made.

Deposits in the Post Office Savings Bank should be hypothecated by the depositor to the Financial Adviser and Chief Accounts Officer of the Railway and pass book will remain in the custody of the Chief Cashier. Pay Order/Demand Draft should be made in favour of FA&CAO/Sr.DFM.

When deposits are made in Government Securities, it should be seen that all accrued interest to the debit on the G.P.Notes is duly collected by depositors prior to the G.P.Notes being endorsed to the Financial Adviser and Chief Accounts Officer. There should be at least two blank pages on the G.P.Notes after the last endorsement by the depositor. These are necessary to enable further endorsement by the Railway to the Reserve Bank of India.

In case of endorsement signed "PER BEARER", "FOR", duly registered power of attorney is necessary and such endorsement need to be certified by the Public Debt Office of the Reserve Bank of India with their rubber stamp before G.P. Notes are delivered to the Railways.

9.3 Proforma for submission of Bank Guarantee Bond for Security Deposit shall be as per Annexure 'I'. **Bank Guarantee Bond to be submitted by the contractor towards Security Deposit should be sent directly to the Paying Authority by the issuing Bank under Registered Post A/D.**

9.4 Security Deposit should remain valid for a minimum period of 60 days beyond the date of completion of all contractual obligations of the supplier.

10. ACCOUNTING AND PAYMENTS

FA&CAO, Eastern Railway, Kolkata, will maintain accounts, arrange all payments and enforce recoverable, as due under this contract.

11. ARBITRATION

Clause 19 of General Conditions of Contract shall be followed for resolving disputes through arbitration, except as to matters for which decisions are specifically provided in the contract or are excluded from the scope of arbitration under the terms of this contract.

12. PRICE VARIATION CLAUSE

12.1 The increase/decrease in the price of ACEMU coaches quoted by the Tenderer would be governed by the following formula. The base date for the purpose of escalation/de-escalation shall be 01.12.2010.

$$P_1 = \frac{P_0}{100}\left(15 + 9.8 \times \frac{I_1}{I_0} + 9.8 \times \frac{S_1}{S_0} + 45 \times \frac{L_1}{L_0} + 0.4 \times \frac{FA_1}{FA_0} + 5 \times \frac{A_1}{A_0} + 15 \times \frac{E_1}{E_0}\right)$$

Where,

P_1 = Escalated/de-escalated price.

P_0 = Base Price.

I_1 = The index number of whole sale prices in respect of items "Iron & Semis" Base 2004-2005 compiled by Economic adviser to the Govt. of India for the calendar month, three months prior to the call for inspection.

I_0 = Whole sale price index for "Iron & Semis" applicable for Base month.

S_1 = The index number of whole sale prices in respect of items "Steel Flat" Base 2004-2005 compiled by Economic adviser to the Govt. of India for the calendar month, three months prior to the call for inspection.

S_0 = Whole sale price index for "Steel Flat" applicable for Base month.

L_1 = All India consumer price index for industrial worker compiled by Labour Bureau, Ministry of Labour for calendar month three months prior to the call for inspection of coaches.

L_0 = All India consumer index Industrial workers applicable for Base Month.

FA1=Index number of wholesale price in respect of Ferro Alloy compiled by Economic Adviser to Government of India (Ministry of industry) for calendar month, 3 month prior to call for inspection

FA0=Index number of wholesale price in respect of Ferro Alloy compiled by Economic Adviser to Government of India (Ministry of industry) for Base month.

A1=Index number of wholesale price in respect of Non Ferrous Metal compiled by Economic Adviser to Government of India (Ministry of Industry) for calendar month, 3 month prior to call for inspection.

A0=Index number of wholesale price in respect of Non Ferrous Metal by Economic Adviser to Government of India (Ministry of Industry) for Base calendar month.

E1=Index number of wholesale price in respect of Electrical Machinery, Equipment & Batteries compiled by Economic Adviser to Government of India (Ministry of Industry) for calendar month, 3 month prior to call for inspection.

E0=Index number of wholesale price in respect of Electrical Machinery Equipment & Batteries compiled by Economic Adviser to Government of India (Ministry of Industry) for base calendar month.

12.2 In case P_1 is greater than P_0, the difference P_1 minus P_0 shall constitute the amount due to the contractor towards escalation on cost of wages and material. Otherwise, the difference P_0 minus P_1 shall constitute the amount to be recovered from the contractor as de-escalation.

12.3 If the deliveries are not made according to the schedule and are delayed beyond the terminal date of delivery owning to any circumstances whatsoever and an escalation in wage and material takes place, such increase will not be admitted unless specifically agreed to at the time of granting extension in the delivery schedule. In other words, the escalation will be pegged to the month supplies were due in terms of Delivery Clause of the contract.

12.4 The decision of the President of India in regard to wage and materia escalation under this clause shall be final and not be subject matter for legal disputes.

13. QUANTITY OPTION CLAUSE

The Purchaser reserves the right to vary the ordered quantity by (+)30% at any time, till final delivery date of the contract, by giving reasonable notice, even though the quantity ordered initially has been supplied in full before the last date of Delivery Period.

14. TRANSIT INSURANCE

The purchaser will not pay separately for transit insurance and the supplier will be responsible till the entire stores contracted for, arrive in good condition at destination.

15. BOOK EXAMINATION CLAUSE

Book Examination Clause shall be as per Clause 3300 of Indian Railway Standard Conditions of Contract.

16. CONDITIONS RELATING TO ACCEPTANCE OF STORES DESPATCHED AFTER THE EXPIRY OF THE DELIVERY PERIOD

In addition to the terms and conditions contained in IRS, Special and Additional Special Conditions of Contract, the contract, if placed with you would also be governed by the following conditions:

(1) In cases where only a portion of the stores ordered is tendered for inspection at the tag end of the delivery period and also in cases where inspection is not completed in respect of portion of the stores tendered for inspection during the delivery period, the Purchaser reserves the right to cancel the balance quantity not tendered for inspection within the delivery period fixed in the contract at the risk and expense of the Contractor without any further reference to him. If the stores tendered for inspection during or at the tag end of the delivery period are not found acceptable after carrying out the inspection, the Purchaser is entitled to cancel the contract in respect of the same at the risk and expense of the Contractor. If, however, the stores tendered for inspection are found acceptable, the Purchaser may grant an extension of the delivery period subject to the following conditions:

(a) The Purchaser has the right to recover from the contractor under the provisions of clause 0702 of Indian Railway Standard Conditions of Contract liquidated damages on the stores which the contractor has failed to deliver within the period fixed for delivery. Upper limit for recovery of Liquidated Damages will be 10%(Ten Percent) of value of delayed supplies irrespective of delays, unless otherwise provided, specifically in the contract.

(b) That no increase in price on account of any statutory increase in or fresh imposition of Customs Duty, Excise Duty, Value Added Tax or on account of any other tax or duty leviable in respect of the stores specified in the contract which takes place after the date of the delivery period stipulated in the contract shall be admissible on such of the said stores as are delivered after the date of the delivery stipulated in the contract.

(c) That notwithstanding any stipulation in the contract for increase in price on any other ground, no such increase which takes place after the date of the delivery stipulated in the contract shall be admissible on such of the said stores as are delivered after the expiry of the delivery period stipulated in the contract.

(d) But, nevertheless, the Purchaser shall be entitled to the benefit of any decrease in price on account of reduction in or remission of Customs Duty, Excise Duty, Value Added Tax or on account of any other tax or duty or on any other ground as stipulated in the Price Variation Clause which takes place after the expiry of the date of delivery stipulated in the contract.

(2) The Contractor shall not despatch the stores till such an extension in terms of para 1(a) to (d) above is granted by the Purchaser and accepted by the contractor. If the stores are despatched by the contractor before an extension letter as aforesaid is issued by the Purchaser and the same are accepted by the consignee, the acceptance of the stores shall be deemed to be subject to the conditions (a) to (d) set out in paragraph (1) above.

(3) In case where the entire quantity has not been tendered for inspection within the delivery period stipulated in the contract and the Purchaser chooses to grant an extension of the delivery period the same would be subject to conditions (a) to (d) mentioned in Paragraph 1 above.

17. PENALTY FOR DELAYS IN SUPPLIES DURING DELIVERY PERIOD

In case of failure on the part of the contractor to arrange supplies as per the delivery schedule/instalments fixed in advance, save force majeure conditions or delays attributable to the Purchaser, the Purchaser reserves the right to levy Liquidated Damages which shall be levied as per Clause 0702 of Indian Railway Standard Conditions of Contract for the delayed quantity which have remained unsupplied for that period. Upper limit for recovery of Liquidated Damages will be 10%(Ten Percent) of value of delayed supplies irrespective of delays, unless otherwise provided, specifically in the contract.

18. QUALITY OF MATERIALS

(1)Parts and fittings of rolling stock except raw material which have been found rectified during inspection and which could not be rectified, are required to be defaced by the Inspecting Authority to avoid recycling of such rejected materials and to avoid ultimate failure of assets. All such rejected materials should be mechanically defaced to prevent sale to Railways again.

(2)In case the firm fails to offer the material for inspection against inspection call issued to inspecting agency or if the material have to be re-inspected due to rejection of the material at firm's premises by inspecting agency or due to non-despatch of material within validity of inspection certificate, then 50% of the inspection charges applicable for the offered quantity subject to maximum of Rs.5000/- and actual test charges incurred will be paid by the supplier to inspecting agency.

(3) In case the purchase orders are placed on traders/agents for the items, traders/agents should indicate the source of supply and inspection to be carried out at their manufacturer's premises rather than trader/agents premises to ensure genuineness of quality of the material.

19. CONDITIONS OF CONTRACT

In addition to the conditions stipulated in Clauses 1 to 18 above, this contract shall be subject to Indian Railway Standard Conditions of Contract, Special Conditions of Contract at Annexure II and Additional Special Conditions of Contract at Annexure III in so far as these are not inconsistant with or contrary to the conditions laid down in Clauses 1 to 18 above.

20. You are required to convey your unconditional acceptance of this contract, duly addressed to the President of India through the Executive Director, Railway Stores(S), Railway Board, New Delhi within 15 days of issue of this contract endorsing copies thereof to the Paying and Inspecting Authority. Two copies of the contract with all enclosures should be returned signed on each and every page under your seal.

Yours faithfully,

(R.L.Bharadwaj)
Director, Railway Stores(W)
Railway Board.
for and on behalf of the President of India

No.2012/RS(PF & EC)-142/Coaches/17 **New Delhi, dt. 06.9.2012**

Copy forwarded for information and necessary action to:

1. The Financial Adviser and Chief Accounts Officer, Eastern Railway, Kolkata. He shall release payments for the ACEM-I coaching stock only on receipt of unconditional acceptance from the contractor and other necessary documents. He shall also ensure compliance of provisions of West Bengal Value Added Tax Act, 2003 and the rules made thereunder.
2. ADAI(Railways), Mathura Road, New Delhi, with 10 spares.
3. The Director of Audit, Eastern Railway, Kolkata.

for Financial Commissioner, Railways.

No.2012/RS(PF & EC)-142/Coaches/17 **New Delhi, dt.06.9.2012**

Copy forwarded for information and necessary action to:

1. The General Managers(Elect), Central, Eastern, East Central, East Coast, Northern, Northeast Frontier, North Eastern, North Central, North Western, Southern, South Central, South Eastern, South East Central, South Western, West Central Railways, ICF and RCF.
2. The Director, Rail Movement, Kolkata.
3. The Director General, RDSO, Lucknow.
4. M/s RITES Ltd., RITES Bhawan, No.1, Sector-29, Gurgaon-122001.

5. M/s RITES Ltd., F-2/9, Gilander House, 8, Netaji Subhas Road, Kolkata-700 001. They shall carry out inspection of the ACEMU coaching stock only on receipt of unconditional acceptance from the contractor.
6. The Chief Materials Manager(Bl), Eastern Railway, Kolkata.
7. The Director, Railway Stores(I&S), Railway Board, No.3, Kaiaghat Street, Kolkata-700 001.
8. EOEE(G), DEE(G), DME(PJ), Railway Board.
9. Accounts I(BO), F(S)I, Cost Accounts, RS(S), RS(B), RS(F), RS(WTA), M(W), M(C) and Elect(G) branches of Railway Board.
10. Chief Workshop Manager, Kanchrapara Workshop, Eastern Railway, for assembly of Motor and Trailer Coach wheelsets for M/s Jessops.

(R.L.Bharadwaj)
Director, Railway Stores(W)
Railway Board.