GOVERNMENT OF INDIA (भारत सरकार)
MINISTRY OF RAILWAYS (रेल मंत्रालय)
(RAILWAY BOARD)

No. 2012/M(M&P)/1063/GL

New Delhi, 14th August 2012

General Managers
All Indian Railways, including
Production Units

Subject: M&P Programme for 2013-2014 – Guidelines

1. The Preliminary M&P Programme for 2013-2014 is invited from all Railways and Production Units. Guidelines for the creation of proposals and their submission to Board are given below.

2. M&P Proposals costing above the specified limit should be sent to Railway Board for prior approval of Board as per letter no. 87-M(M&P).1063/NA/2 dated 09.09.1986 or its subsequent revisions . The last date for submission M&P Proposals for prior approval by the ZR/PUs is 15.09.2012.

3. Machine tools are often expensive assets, both to acquire and to maintain. It is, therefore, important that investments in M&P be made thoughtfully.

Replacement of Machines

4. It may be noted that completion of codal life is not *ipso facto*, sufficient ground for replacement of a machine. Its condition should also form the basis for replacement, details about which must be given in the justification prepared by the user. A format for the mandatory details has been included in the M&P Portal for the purpose. Neither should one-for-one replacements be planned automatically because:

   a) The workshop's requirements may have changed since the original equipment was acquired

   b) Advanced control systems and tooling may be available enabling higher productivity and reliability from the machines.

5. Therefore, possibility of acquiring one or two machine to replace a larger set should be investigated. Reconditioning of the existing machine or outsourcing may be other options to consider, where feasible. Reconditioning may be considered the preferred option for EOT Cranes where feasible.

6. Replacements proposed should be for substantially same function and use as equipment being replaced. Differences, if any, should be clearly brought out with reasons. The cost of replacement may be compared with original equipment and reason for any abnormal increase clearly stated. In case a new machine has substantially higher productivity/superior features etc. it may be proposed against CAP along with ROR (as the fund availability against DRF is always a constraint).

Creation of New Assets

7. It has been seen in the past that machines proposed on additional account are not supported with financial justification and even after a number of back references, the requisite information is not sent to Board in time. These proposals thus do not find place in the final Machinery and Plant Programme.

'Rate of Return', duly vetted by Associate Finance, should support all the items proposed on additional account under CAP. Proposals not indicating the rate of return in accordance with Para 201 and 202 of Chapter II of Indian Railway Financial Code Volume I, are likely to be summarily rejected. For machines that are essentially required on safety consideration, ROR need not be calculated, e.g. tensile testing machine for draw gear.

Details required in proposals on replacement (DRF) & additional (CAP) A/c.

8. The following details must be provided for all machines proposed on DRF/CAP account :-

i.) Usage of the machine proposed to the replaced – whether it is being used regularly on single/double/triple shift basis.

ii.) The justification should indicate jobs undertaken and the workload for the machine. Total number of similar machines in the load centre and shortfall in capacity either at present or anticipated in future should be clearly indicated.

iii.) Where an old machine is proposed to be replaced due to frequent/ excessive breakdown, the data of breakdown i.e. frequency and percentage/hours should be furnished.

iv.) Where loss of accuracy is cited as reason for replacement, the job requirement vs. the actual capability of old machine should be clearly spelt out.

v.) When proposing a machine on replacement account on condition basis, the cost of reconditioning of old machine plus its annual maintenance cost should be compared with the new machine's cost plus annual maintenance cost.

vi.) ROR must invariably be calculated for all proposals under CAPITAL

Utilisation of Workshop Space and Layout Considerations

9. Large number of overage machines (some over 50 years of age) are still being retained in the shops. These machines need to be critically examined for their continued retention so that floor space is effectively utilised, especially under cranes.

10. It has been observed that the new machines are being installed wherever vacant space can be found or where the machine being replaced itself is located. Such *ad hoc* decisions lead to fragmentation of shop layout. Railways should make master plans of various sub-shops, pinpointing locations of the machine to be procured in future. As new machines are acquired, they should be installed according to this master plan.

Target Time Frame for Procurement

11. It is reiterated that sanction of only such machines be targeted as can be completed within a maximum period of 2-3 years of their sanction. This will prevent escalation of costs due to inflation, foreign exchange variations, etc.

12. Keeping in view the arrears of throw-forward of old sanctions, Railways should critically review all items of M&P sanctioned in previous M&P Programmes (prior to and including 2007-08), which have not been procured so far. The results of the review should be forwarded to the Board latest by 30.11.2012. In this review, Railways should not only indicate their recommendation for the sanction to be continued or not but also furnish detailed current status of procurement.

13. The sanction of items by GMs (up to Rs 10 lakhs for Zonal Railways and 30 lakhs for PUs) lapses after three years. For whatever reasons, if an item sanctioned by GM is not procured within three years, the same should be reviewed and processed for sanction afresh.

Works in Progress (WIP)

14. WIP details for all items along with remarks & status (whether sanctioned by Railway Board or GM) should be filled in the format provided on the M&P Portal in three separate tables.

(i.) Items costing Rs. 2.5 crore or more.

(ii.) Items costing below Rs. 2.5 crore sanctioned by Railway Board.

(iii.) Items sanctioned by GM.

15. Total funds utilised under Plan Head 41, during 2012-13 and expected in 2013-14 should be advised to Board with the WIP statement. **The same should be updated on M&P Portal in the format provided.**

16. All the M&P sanctioned during the years 2008-09 to 2012-13 and for which vetted indents have been submitted to the various procurement organisations but the work has not yet been completed or closed should be included in the Works-In-Progress (WIP) Statements 2013-2014, giving clear indication about the status of procurement. (*Machines sanctioned by Railway Board prior to 2008-09 will automatically lapse unless purchase order has been placed or revalidation given. Such items must be deleted from WIP*). While indicating the status, the last applicable date from the list below must invariably be indicated in the remarks column:

a) Date of placement of indent, if tender has not been floated

b) Date of tender with due date, if tender has not been opened

c) Date tender opened, if order has not been placed

d) Date of order with delivery date, if machine has not been dispatched

e) Date of dispatch, if machine has not been received

f) Date of receipt, if machine has not been commissioned

g) Date of commissioning, if PTC not issued or work not completed.

17. **Anticipated cost must be updated in W.I.P. for those M&P items for which orders have already been placed so as to reflect the actual cost as per POs/LOAs.**

18. In the absence of any clear indication of procurement status, no funds will be allotted.

19. A summary should also be placed on top of the statement giving all totals in three groups, first for machines costing above Rs 2.50 crores, second for machines costing below Rs 2.50 crores and third for current machines sanctioned under General Manager's powers.

20. The WIP statement should be sent to Board latest by 30.11.2012 on **M&P Portal only.**

Processing and Submission of M&P Proposals to Board

21. The proposals are (usually) originated by end users in the field units. After examination in the Head Office by the concerned departments and CME(Planning), and concurrence by Finance, the proposals are required to be submitted by the CME(Planning) of the Railway in a consolidated form as the Preliminary M&P Programme.

22. Proposals for all the departments are to be thoroughly scrutinised by CME(Planning) and any deficiencies brought to the notice of the concerned department so that incomplete or faulty proposals are rectified before submission. Other departments may not be aware of the latest developments in machine tools and associated technologies as well as recent instructions of the Board on the subject. Therefore, their proposals may require some modifications.

23. It is seen that occasionally departments send their proposals directly to Railway Board. This is not the correct procedure. The proposals must be submitted through the co-ordinating officer of the Mechanical Department in a consolidated form only. Any proposal sent directly will not be considered.

24. A summary indicating all the proposals of all the departments may be made and enclosed with the Preliminary M&P Programme of the Railway. The FA&CAO's of all Railways and PU's may also note these provisions.

Creation and Processing of Proposals Online (Format and Presentation)

25. To assist the creation of proposals and their subsequent processing, a web based system for creating M&P proposals has been developed and hosted. It may be accessed at:

http://www.irmnp.com

26. This "portal" provides the necessary formats, instructions and guidelines for creation of proposals. It also allows their online submission for concurrence to finance, both at Field Unit and Head Quarter levels.

27. The latest COFMOW compendium has been integrated into the portal and users would be able to create proposals directly online in the proper format and with required cross-reference to the compendium. COFMOW compendium must be used to create all proposals unless the machine proposed does not figure in the compendium at all. Cost of such machine should be obtained through market survey. **The cost of essential accessories, programmes, necessary tooling etc. must also invariably be included in the cost of proposal.** The COFMOW specification number, type and capacity of the machine, shall be automatically linked with the proposal by the Portal. For non-compendium items the specifications and supporting budgetary quotations must be furnished by the railways.

28. This is a secure system with password access for each field and head office user. The CME(Planning)'s have been designated as prime users and given the responsibility for creating the required user accounts for their railways.

29. This portal has already been used for creation of M&P Proposals from 2004-05 to 2012-13 and railways have therefore, necessary experience in its use.

30. All users are urged to make full use of this portal, which would allow easy, error-free, creation and processing of their proposals. It would also allow the users to obtain information about the sanction and subsequent purchase of machines they request.

31. Board Finance has specifically requested the facility for finance officers to directly record their full observations while according their concurrence. It is expected that finance officers would make the fullest use of these facilities and acquaint themselves with the working of the portal in general.

32. Even if some users are unable to create or work on their proposals online, the railways are required to submit their consolidated Preliminary M&P Programme through the portal only through CME (Plg.).

33. **It should be ensured while making a proposal that correct consignee with station name at appropriate place is given. The brand name should never be indicated in item name or with the description of the any M&P proposal. The description of the machine generated by portal (from COFMOW compendium) should be refined and corrected immediately during creation of the proposal. The description should be suitable for use in Pink Book.**

34. **All the fields in the proposal format should be filled correctly. A large number of shortcomings have been noticed for almost all Railways/PUs in this regard in past. Hence this area needs special attention.**

35. **While creating any proposal in the portal it must be ensured that the correct item name in place of the short description should be written in such a way that first letter of each word would be in capital and rest in small letters e.g. CNC Surface Wheel Lathe etc.**

36. **While proposing vehicles, only one of the following descriptions should be used. Old Vehicle number should also be written along with the description in case of proposing vehicles on replacement account as (Rep. of.....).**

(i.) **Diesel utility Vehicle**
(ii.) **Bus.....Seater**
(iii.) **Truck**
(iv.) **Mini Truck**
(v.) **Motor Cycle**
(vi.) **Prisoner Van**
(vii.) **Ambulance Van**
(viii.) **Cash Van**

37. The portal facilitates creation of abstract estimates with the proposals and provides for inclusion of charges such as freight, insurance, installation and commissioning, D&G charges and custom duty wherever applicable. Railways are required to furnish these costs in the proposals itself.

38. Allocation (chargeable head) should be carefully examined and indicated on each proposal.

39. The last date for submission of Preliminary M&P Programme by the Railways is 15/11/2012 after which the portal would disallow any submissions. CME(Planning)'s may kindly note and arrange that proposals for their railways are submitted online, duly prioritised.

40. The portal would allow local printing of submitted proposals. Railways may ensure that one hardcopy **(spiral binding)** department wise with summary of their proposals are sent per bearer so as to reach Railway Board not later than 20/11/2012. No proposals shall be entertained after this date.

41. Preliminary Programme for all departments will be discussed with the Railways in November/December 2012. These proposals will be scrutinised in consultation with COFMOW as has been done in the previous years. The actual dates for the meeting will be advised to the Railways in due course of time.

42. Please acknowledge receipt.

14/8/12

(Manish Jain)
Director, Mech. Engg. (P)II
Railway Board

Copy to:
1. **CAO, COFMOW, New Delhi**
2. **FA&CAO's and CME(Planning)'s All Indian Railways, including Production Units**
3. **EDAR, Railway Board**