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

No. 2018/CE-I/CT/9 **New Delhi, Dated 04.06.2018**

To
As per list attached

Sub: Inclusion of 'Letter of Credit' as Mode of Payment in Works Tenders or Service Tenders

Ref: (i) Railway Board's letter No. 2017/AC-II/9/10 Pt 3 dated 09.05.18
(ii) Railway Board Letter No. 2017/AC II/9/10 Pt 1, dated 20.02.18

1. It has been decided by Board (MRS, MTR, ME, FC, CRB) that henceforth, all works tenders or service tenders invited by railways through e-tendering on IREPS, having advertised value of Rs 10 lakh and above, shall include in tender conditions, an option for the contractor to take payment from Railways through a letter of credit (LC) arrangement.
2. As such, following special conditions shall be included in the works tenders or service tenders to be invited henceforth:
   (i) For all the tenders having advertised cost of Rs 10 lakh or above, the contractor shall have the option to take payment from Railways through a letter of credit (LC) arrangement.
   (ii) This option of taking payment through LC arrangement has to be exercised in IREPS (Indian Railway Electronic Procurement System – the e-application on which tenders are called by Railways) by the tenderer at the time of bidding itself, and the tenderer shall affirm having read over and agreed to the terms and conditions of the LC option.
   (iii) The option so exercised, shall be an integral part of the bidder's offer.
   (iv) The above option of taking payment through LC arrangement, once exercised by tenderer at the time of bidding, shall be final and no change shall be permitted, thereafter, during execution of contract.
   (v) In case tenderer opts for payment through LC, following shall be the procedure to deal release of payment through LC:
      (a) The LC shall be a sight LC.
      (b) The contractor shall select his Advising/Negotiating bank for LC. The incidental cost towards issue of LC and its operation thereof shall be borne by the contractor.

Prem Sagar
Rstingh.

(c) *SBI, New Delhi, Main Branch will be the nodal branch for issue of LCs based on online requests received from Railway Accounts Units for tenders opened in financial year 2018-19. SBI branches where the respective Railway Accounts Office has its Account (local SBI branch) will be the issuance/reimbursing branch for LC issued under this arrangement. The Bank shall remain same for this tender till completion of contract. The incidental cost @0.15% per annum of LC value, towards issue of LC and operation thereof shall be borne by the contractor and shall be recovered from his bills.*

(d) *The LC shall be opened initially for duration of 180 to 365 days in consultation with contractor. The LC shall be extended time to time as per the progress of the contract, on the request of the contractor. The value of LC to be opened initially as well as extended thereafter shall be finalised by the engineer in consultation with the contractor on the basis of expected progress of work.*

(e) *The LC terms and conditions shall inter-alia indemnify and save harmless the Railway from and against all losses, claims and demands of every nature and description brought or recovered against the Railways by reason of any act or omission of the contractor, his agents or employees, in relation to the Letter of Credit (LC). All sums payable/borne by Railways on this account shall be considered as reasonable compensation and paid by contractor.*

(f) *The LC terms and conditions shall inter-alia provide that Railways will issue a Document of Authorisation (format enclosed as Annexure 2) after passing the bill for completed work, to enable contractor to claim the authorized amount from their bank.*

(g) *The acceptable, agreed upon document for payments to be released under the LC shall be the Document of Authorisation.*

(h) *The Document of Authorisation shall be issued by Railway Accounts Office against each bill passed by Railways.*

(i) *On issuance of Document of Authorisation, a copy of Document of Authorisation shall be posted on IREPS for download by the contractor. A digitally signed copy of Document of Authorisation shall also be sent by Railway Accounts Office to Railway's bank (Local SBI Branch).*

(j) *The contractor shall take print out of the Document of Authorisation available on IREPS and present his claim to his bank (advising Bank) for necessary payments as per LC terms and conditions. The*

Prem Sagar

P.K. Singh

claim shall comprise of copy of Document of Authorisation, Bill of Exchange and Bill.

(k) The payment against LC shall be subject to verification from Railway's Bank (Local SBI Branch).

(l) The contractor's bank (advising bank) shall submit the documents to the Railway's Bank (Local SBI Branch).

(m) The railway's bank (issuing bank) shall, after verifying the claim so received w.r.t. the digitally signed Document of Authorisation received from Railway Accounts Office, release the payment to contractor's bank (advising bank) for crediting the same to contractor's account.

(n) Any number of bills can be dealt within one LC, provided the sum total of payments to contractor is within the amount for which LC has been opened.

(o) The LC shall be closed after the release of final payment including PVC amount, if any, to the contractor.

(p) The release of performance guarantee or security deposit shall be dealt directly by railway with the contractor i.e., not through LC.

3. For opening of LC, executive department shall make a request letter to concerned Accounts Department on a format, placed as Annexure – 1.
4. Necessary changes in IREPS and IPAS e-applications have already been carried out, for having option for payment to contractors through LC.
5. This issues with the concurrence of Finance Directorate of Ministry of Railways.

Prem Sagar
04.06.18

(प्रेम सागर गुप्ता)
कार्यकारी निदेशक / सिविल इंजीनियरिंग(जी) / रेलवे बोर्ड
[Rly no. 030-44803, MTNL No.-011-23383379]

No. 2018/CE-I/CT/9 **New Delhi, Dated 04.06.2018**

Copy forwarded for information to:

(i) PFAs, All Indian Railways.

(ii) Dy. Comptroller and Auditor General of India (Railways), Room No. 224, Rail Bhawan, New Delhi.

B.S. Singh.

For Financial Commissioner/Railways

Copy: MD/CRIS for information and necessary action.

LIST FOR DISTRIBUTION

1. General Managers, All Indian Railways & Production Units.
1a. General Manager (Con), N.F. Railway, Guwahati.
1b. General Manager /CORE, Allahabad.
2. Principal Chief Engineers, All Indian Railways.
3. Chief Administrative Officers (Con), All Indian Railways.(Except N.F. Railway)
4. PFAs All Indian Railways.
5. Chief Vigilance Officers, All Indian Railways.
6. CAO, COFMOW, Tilak Bridge, New Delhi.
7. CAO(R), Diesel Loco Modernisation Works, Patiala(Punjab).
8. CAO, Rail Coach Factory/Rae Bareli Project, Kishanganj, Delhi -110007.
9. CME, IROAF, 12th Floor, Core-1, Scope Minar, Distt. Centre, Laxmi Nagar, Delhi- 110092
10. CAO (Workshop Projects), Chamber Bhawan, Judge's Court Road, Anta Ghat, Patna-800001, Bihar.

Copy to:

(A)

1. Director General, RDSO, Manak Nagar, Lucknow.
2. Director General, Railway Staff College, Vadodara
3. Director, IRICEN, IREEN, IRIMEE, IRISET, RPF Academy.

(B)

1. MD, DMRC, Metro Bhawan, 13, Fire Bridge Lane, Barakhamba Road, New Delhi- 110 001.
2. MD, CONCOR, Concor Bhawan, C-3, Mathura Road, Opp. Apollo Hospital, New Delhi-110076.
3. IRCON International Limited, C-4, District Centre, Saket, New Delhi- 110017
4. MD, RITES Ltd., RITES Bhawan, Plot No.1, Sector-29, Gurgaon.
5. MD, RVNL, August Kranti Bhawan,Plot No.25, 1st Floor, Bhikaji Cama Place, New Delhi.
6. MD, MRVC Ltd., Churchgate Station Bldg, Mumbai- 400020
7. MD, KONKAN Railway Corporation Ltd, Rail Bhawan, New Delhi-110001.
8. MD, DFCCIL, 5th Floor, Pragati Maidan Metro Station Building Complex, New Delhi-110001
9. MD, RLDA, Near Safdarjung Railway Station, Moti Bagh, Phase-I, New Delhi- 110021
10. MD, CRIS, Chanakyapur, New Delhi.
11. CMD, RailTel Corporation of India Ltd. Plot No. 143, Institutional Area, Sector-44, Gurgaon – 122003.

Copy to:

CRB, ME, MT, M(Tr.), M(RS), FC, DG(S&T), DG(RS), DG(RHS), DG(RPF), AM(CE), AM(Works), AM(B), AM(Elec.), AM(RS), PED(Projects), PED/SDE, PED(Bridges), PED(Vigilance), PED/Transformation, EDCE(P), EDTK(M), EDTK(MC), EDTK(P), EDCE(B&S), EDF(X)-I, EDF(X)-II, ED(Works), EDW(Plg.), ED/Project(Mon.), ED(L&A), ED/SDE, ED(PSU).

Prem Sagar

Rdngt

Annexure -1

Request letter from Executive branch to Accounts Office for opening of LC

Office of----
----Railway

No. _____ Dated _____

The PFA/ Sr.DFM/ Dy. FA
HQ/ Division/ Workshop/ Cost

Sub: Opening of LC
Ref: Supply Order/ Contract Agreement No.

***

It is requested to open a sight LC against the above referred Order/ Agreement in favour of _____. The details of beneficiary are as under:

(i) Name of Contractor/Supplier
(ii) Vendor Code
(iii) Address
(iv) Tender No.
(v) Contract Agreement No.
(vi) Description of Goods/ Service
(vii) Value of Contract
(viii) Stages of payment
(ix) Expected payment within 6 months (LC Amount)
(x) Beneficiary bank details:
    a) Bank name
    b) Address
    c) Account No.
    d) IFSC code

It is certified that the supplier/ contractor has exercised the option of taking payment due against the tender, through LC arrangement in IREPS portal at the time of bidding itself and the option has been flagged in the IREPS. This has the approval of _____.

(xi) Validity / Period for which LC is to be opened.

(Signature)
Name:_____
Designation:_____
(Official Seal)

Prem Sagar
Sr. DFM

Annexure-2

LCDA No. (18 DIGIT IPAS GENERATED NO.)
Dated:_____

DOCUMENT OF AUTHORIZATION

Reference: (i) Works Contract/ Supply Contract No. _____Dated_____
(ii) Inland Letter of Credit No. _____ Dated_____

This document is issued against contract No.----(FROM IREPS)-------- dated-------for supply/ work of ---(DESCRIPTION OF GOODS/ WORK FROM IREPS)----------

The beneficiary of the aforementioned Letter of Credit M/s ...(NAME AND VENDOR CODE)...(Vendor Code...as per IRPES...) is entitled to receive payment. aggregating INR...$$$.....(FROM ABSTRACT OF BILL PASSED).. out of a total LC amount of INR...(FROM MASTER TABLE OF LC OPENED)..... against the first/second* commercial Invoice No.(FROM IPAS)_____ dated __ FROM IPAS ___ for INR(FROM IPAS)---------- raised against the above contract from State Bank of India-----(branch-FROM LC MASTER TABLE)--- . on the strength of this Certificate.

The details of payments already made to the beneficiary under this Letter of Credit are as follows:

S. No.	Invoice No.	Invoice date	Invoice Amount (INR)	LCDA No.	LCDA date	Amount paid (INR)
Total Paid						

THIS PAYMENT: -___$$$_____

LC BALANCE AFTER THIS PAYMENT: _____

(Signature of authorised Railway authority)
Name
Designation
Official Seal

Prem Sagar
Rolingh