No. 2017/Trans/01/Policy 
New Delhi, dated: 27-11-2017

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

Sub: Process Reforms – Engagement of Consultants

2. Railway Board's letter no. 2017/Trans 01/Policy dated 18-10-17, 08-11-17
5. DRM/DLI letter no DRM/Misc/2017 dated 01-11-17

1.0 Powers have been delegated to Zonal Railways for entering into consultancy contracts vide letters under reference 1, 2 above. Railways have experienced difficulties in award of these consultancy contracts, leading to operational/service delivery inadequacies.

2.0 Following powers have recently been delegated to DRMs, CWMs, PHODs, CHODs & CAOs/Construction vide letters referred 1, 2 above:

   a) DRM/CWM – Upto Rs 10 Lakh per case with annual ceiling of Rs 1.5 Crore
   b) PHOD/CHOD – Upto Rs 20 Lakh per case with an annual ceiling of Rs 1.5 Crore
   c) CAO/Construction – Rs 50 lakh per case with an annual ceiling of Rs 5 Crore
      (Powers to CAO/Con are in addition to powers delegated to General Managers)
   d) GMs – Upto Rs 10 Crore

3.0 In view of the exigencies brought out by field officials, and in order to develop draft guidelines for dealing with consultancy tenders, the following documents have been considered:

   a) GFR-2017
   b) Manual of Procurement of Consultancy & Other services 2017, issued by Ministry of Finance (Department of Expenditure, DoE)
   c) CPWD Manual
   d) Railway Boards letters under reference 1 to 4 above

Accordingly, with the approval of Board (CRB), following guidelines are issued for engagement of consultants.

4.0 Guidelines on the Procedure for entering into Consultancy Contracts

4.1 Engagement of consultants may be resorted to in situations requiring high quality services for which the concerned Railway does not have requisite expertise. Approval of the competent authority (GM/DRM/CWM/PHOD/CHOD/CAO) with concurrence of associate
finance should be obtained before engaging consultant(s). The proposal to the competent authority shall comprise of at least the following:

a) Name of the Consultancy Work including its Objectives and Scope
b) Estimated Cost of Consultancy
c) Eligibility and prequalification criteria
d) Classification of the Nature of Consultancy as per 4.4 below
e) Type of Selection method proposed to be followed (as per Para 4.4 below)
f) The proposal shall be concurred by Finance only at one level, i.e. by the associate finance of the approving authority.

4.2 Preparation of Scope of required consultants: The requirement, objectives and the scope of the assignment should be prepared in simple and concise language. The eligibility and prequalification criteria, to be met by the consultants should also be clearly identified at this stage.

4.3 Estimating reasonable expenditure: Reasonable expenditure should be estimated by ascertaining the prevalent market conditions and consulting other organizations engaged in similar activities.

4.4 Types of Selection: There are three methods of selection prescribed as per the Manual of Procurement of Consultancy and Other Services 2017 published by the Ministry of Finance (DoE) and these are:

a) Price based System – Least Cost Selection (LCS)
b) Quality and Cost Based Selection (QCBS)
c) Direct Selection: Single Source Selection (SSS)

Any of the above methods may be followed as per the requirement.

4.5 Classification of Nature of Consultancy: Classification should be done based on both monetary value as well as complexity of the proposed assignment. The procedure to be followed will be different according to the nature of consultancy, and the following classification is recommended:

(a) Low Cost Simple Consultancies: This includes assignments of a standard or routine nature (such as audits and engineering design of non-complex works, architectural consultancies, design of structures, design of systems like water treatment, sewage treatment, garbage handling and processing, traffic flow, checking of designs etc) where well established methodologies, practices and standards exist. The upper limit for such consultancies under this category is Rs 20 lakhs.

(b) Other Consultancies: This includes all assignments costing above Rs 20 lakh, (including the standard or routine nature assignments /simple consultancies also) and assignments below Rs 20 lakh which are complex in nature and cannot be classified as 'simple' in terms of (a) above.
4.6 Panel based Selection Procedure for Low Cost Simple Consultancies as defined in para 4.5 (a) above: This as basically the LCS system of selection only, however as the value of Consultancy is less than Rs 20 Lakh, publication of EoI on Central Public Procurement Portal (CPPP) www.eprocure.gov.in / GEM or Railway website is not mandatory. For such cases the detailed procedure is as outlined below:

4.6.1 Identification of Likely Sources: Preparation of a long list of potential consultants may be done on the basis of formal or informal enquiries from other Ministries or Departments or Organizations involved in similar activities, Chambers of Commerce & Industry, Association of consultancy firms including other Railway Zones/Divisions CPWD, MES, DDA, PSUs etc. Concurrently valid panels if any, existing on these organizations may be used as such, if required.

4.6.2 Short Listing of Consultants: From the list of consultants identified above, those meeting the requirements for the assignment should be short listed for further consideration. The number of short listed consultants should not be less than three. For the purpose of short listing, objective eligibility criteria (based on guidelines mentioned in para 5-D) may be prepared by the officer concerned (not below SG/JAG) and approved by DRM/CWM/PHOD/CHOD/CAO concerned. The shortlisted panel should be got approved by the SAG officer in charge.

4.6.3 Preparation of Terms of Reference (TOR). The TOR should include:
   a) Precise statement of objectives.
   b) Outline of the tasks to be carried out.
   c) Schedule for completion of tasks.
   d) The support or inputs to be provided by the Railway to facilitate the consultancy.
   e) The final outputs that will be required of the Consultant.

4.6.4 Issue of Tender Enquiry/RFP: This is the document to be used for obtaining offers from the shortlisted consultants for the required service. It should contain:
   a) A letter of Invitation
   b) Information to Consultants regarding the procedure for submission of proposal.
   c) Terms of Reference (TOR).
   d) Qualification Criteria
   e) Bid Evaluation Criteria and selection procedure
   f) Standard Format in which Technical and Financial Proposal is Required.
   g) Proposed contract terms.
   h) Procedure proposed to be followed for midterm review of the progress of the work and review of the final draft report.

4.6.5 Receipt and Opening of Proposals: Normal Tender Opening procedure to be followed.
4.6.6 **Evaluation of Bids:** Evaluation is to be done by duly constituted tender committee. The committee shall record in detail the reasons for acceptance or rejection of bids analyzed and evaluated by it. The selection/evaluation may be done by following the **Least Cost selection (LCS) method.** This system of selection is roughly the same as the price based selection of L-1 offer (among the technically responsive offers) in procurement of Goods/Works. There is no weight age for Technical score in the final evaluation and the responsive technically qualified proposal with the lowest offered cost shall be selected. Under normal circumstances, as the offers are received from the shortlisted and technically qualified bidders, the lowest cost offer may be chosen.

4.6.7 **Other terms and Conditions:** Regarding Notice Period, Earnest Money, Security Deposit, Release of SD/EMD etc. terms and conditions of the Works contract tenders are to be followed.

4.6.8 For processing all such activities as described above, IREPS may be used.

4.6.9 Constitution of Tender Committee shall be as under

<table>
<thead>
<tr>
<th>Tender Authority</th>
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<th>Tender Committee</th>
</tr>
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<tbody>
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<td>DRM in Division and CWM in Workshop</td>
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<td>Two member Committee of SG/JAG branch officers from Executive Department as Convener and a Finance member</td>
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<td>Two member Committee of SG/JAG branch officers from Executive Department as Convener and a Finance member</td>
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</tbody>
</table>

4.7 **Procedure for Other Consultancies, as defined in para 4.5 (b) above:**

4.7.1 **Preparation of Terms of Reference (TOR).** A TOR should be prepared for the consultancy assignment. The TOR should include the following:

a) Precise statement of objectives.
b) Outline of the tasks to be carried out.
c) Schedule for completion of tasks.
d) The support or inputs to be provided by the Railway to facilitate the consultancy.
e) The final outputs that will be required of the Consultant.
4.7.2 Issue of Tender Enquiry/RFP: This is the document to be used for obtaining offers from the consultants for the required service. It should contain:

a) A letter of Invitation
b) Information to Consultants regarding the procedure for submission of proposal.
c) Terms of Reference (TOR).
d) Qualification criteria.
e) List of key position whose CV and experience would be evaluated.
f) Bid evaluation criteria and selection procedure.
g) Standard formats for technical and financial proposal.
h) Proposed contract terms.
i) Procedure proposed to be followed for midterm review of the progress of the work and review of the final draft report.

4.7.3 RFP shall be issued to the likely consultants shortlisted as per method provided in para 4.6.1 & 4.6.2 above. If required Expression of Interest (EoI) may also be floated for shortlisting of potential consultants and RFP may be issued to these as well. Further the RFP (and EoI if necessary) should be published on Central Public Procurement Portal (CPPP) at www.eprocure.gov.in/ www.ireps.gov.in and on GeM. It should also be published on Railway’s website.

4.7.4 Receipt and Opening of Proposals: Proposals should ordinarily be asked for from consultants in ‘Two bid’ system with technical and financial bids sealed separately. The bidder should put these two sealed envelopes in a bigger envelop duly sealed and submit the same to the Department by the specified date and time at the specified place. On receipt, the technical proposals should be opened first at the specified date, time and place. Now with implementation of IREPS tenders may be processed on IREPS as Two packet tendering system.

4.7.5 Evaluation of Technical Bids: Evaluation is to be done by duly constituted tender committee. Based on pre-specified Technical eligibility criteria, the committee shall consider the technical proposals in detail and give Technical score. Only those bidders whose Technical score is more than specified Technical score required for qualifying, shall be considered for opening of the financial bids.

Following the LCS model of selection of consultants, if the Consultancy is of Simple nature as defined in para 4.5 (a) above, Simple pass/ fail decision can also be arrived based on the objective Technical criteria and the Technically Qualified bidders may be decided for further evaluation. In this case giving Technical scores is not required.

4.7.6 Evaluation of Financial Bids of the qualified bidders:

The Department shall open the financial bids of only those bidders who have been declared technically qualified by the Tender Committee for further analysis, evaluation and ranking and selecting the successful
bidder for placement of the consultancy contract. Now the selection can be done using either of the following two options

(a) The Lowest cost offer from amongst the technically qualified/passed Consultants may be selected, i.e. LCS method of selection as described in para 4.6.6 above.

OR

(b) The selection / evaluation may be done by following the Quality and Cost Based Selection (QCBS) method described below.

4.7.7 Quality and Cost Based Selection (QCBS):

i. In QCBS system, initially the quality of technical proposals is evaluated and a technical score given as per criteria announced in the Tender/RFP. Only those responsive proposals that have achieved at least minimum specified qualifying score in quality of technical proposal are considered further.

ii. After opening and scoring, the financial proposals of responsive technically qualified bidders is opened and , a final combined score arrived at by giving predefined relative weightages for the score of quality of the technical proposal and the score of financial proposal.

iii. The RFP shall specify the minimum qualifying score for the quality of technical proposal and also the relative weightages to be given to the quality and cost (determined for each case depending on the relative importance of quality vis-a-vis cost aspects in the assignment, e.g. 70:30, 60:40, 50:50 etc). The proposal with the highest weighted combined score (quality and cost) shall be selected. The weightages shall be prescribed in the RFP as per the approval of competent authority (DRM/CWM/PHOD/CHOD/CAO/C).

iv. The weightage of the technical parameters i.e. non-financial parameters in no case should exceed 80 percent.

4.7.8 Constitution of Tender Committee shall be as under

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<td>Two Member Committee of SG/JAG branch officers from Executive Department as Convener and a Finance member</td>
<td></td>
</tr>
<tr>
<td>PHOD in Headquarter, beyond Rs 10 lakh and upto Rs 20 lakh</td>
<td>Two member Committee of SAG officers from Executive Department as Convener and a Finance member</td>
<td></td>
</tr>
<tr>
<td>CAO in Construction &amp; RE works beyond Rs 10 lakh</td>
<td>Two member Committee of SAG officers from Executive Department</td>
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<tr>
<td>and upto Rs 50 lakh</td>
<td>as Convener and a Finance member</td>
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<tr>
<td>GM for all cases beyond the powers listed above and upto Rs 10 Crore</td>
<td>Three member Committee of HAG officers From Executive Department as Convener, One Finance member and one Third member to be nominated by GM</td>
<td></td>
</tr>
</tbody>
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4.8 **Direct Selection of Consultancy: Single Source Selection (SSS)**

Under some special circumstances, it may become necessary to select a particular consultant/service provider where adequate justification is available for such single source selection in the context of overall interest of procuring entity. The selection by SSS/Nomination on the Railways may be done for all types of consultancies under exceptional circumstances such as:

A. Tasks that represent a natural continuation of previous work carried out by the firm;
B. In case of an emergency situation, situations arising after natural disasters, situations where timely completion of the assignment is of utmost importance;
C. Situations where execution of the assignment may involve use of proprietary techniques or only one consultant has requisite expertise;
D. At times, other PSUs or Government organizations are used to provide technical expertise. It is possible to use the expertise of such institutions on SSS basis. such organizations may be RITES, IRCON, RAILTEL, DMRC, IITs, IIMs, IISC Bangalore, NITs, School of Planning and Architecture Delhi, J J College of Architecture Mumbai etc;
E. Under some special circumstances, it may become necessary to select a particular consultant where adequate justification is available for such single-source selection in the context of the overall interest of the Railway. Full justification for single source selection should be recorded in the file and approval of the competent authority obtained before resorting to such single source selection.

F. Single Source Selection (SSS) shall be approved as per following:

(I) **For SSS cases under Item no 4.8 D above**

<table>
<thead>
<tr>
<th>Approval of the case</th>
</tr>
</thead>
<tbody>
<tr>
<td>DRM in Division upto the limits specified in para 2.0 above based on Executive proposal duly concurred by associate finance</td>
</tr>
<tr>
<td>PHOD/CHOD/CWM/CAO in Headquarter, Workshops, Railway Electrification, Projects &amp; Construction Organization upto the limits specified in para 2.0 above based on Executive proposal duly concurred by associate finance</td>
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</tbody>
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(II) **In other cases of SSS, approval of GM would be required.**

5.0 The procedure mentioned in Para 4. above is subject to the following:

a) Full justification of the single source selection as per para 4.8 above, is recorded in the file
b) Prices are reasonable and consistent with market rates for tasks of a similar nature.

c) The required consultancy services are not split into smaller sized procurement.

d) For the Objective Technical eligibility criteria The Railway may decide based on the following example:
   i. Minimum experience including number of assignments handled by the firm similar to the area of assignment;
   ii. Turnover and other financial parameters of the firm, if required
   iii. Minimum educational qualifications of each of the key professionals
   iv. Minimum requirement of experience of the key professionals in an area similar to the proposed assignment.

e) As far as possible such Consultancy Tenders may be dealt with on IREPS.

f) All rules, procedures, guidelines regarding EMD, SD, Notice Period etc shall be as per the Rules of the Works Tenders on IR. For further clarity if any, The Manual for Procurement of Consultancy & Other services 2017 published by Ministry of Finance (Department of Expenditure) may be referred to.

6. This is issued with the concurrence of Associate Finance of Transformation Cell Railway Board.

Kindly acknowledge the receipt and ensure compliance.

(T.K. Pandey)
Executive Director (Civil) Transformation

No. 2017/Trans/01/Policy  New Delhi, dated: 27-11-2017

1. PFAs, All Indian Railways & Production Units
2. The ADAl (Railways), New Delhi
3. The Director of Audit, All Indian Railways

(Sanjeeb Kumar)
Executive Director Accounts
Transformation Cell

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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.
12. The Secretary, Railway Rates Tribunal, Chennai.

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2. The Secy. Genl., IRPOF, Room No. 268, FROA, Room No. 256-D & AIRPFA, Room No. 256-D Rail Bhavan

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3. All AMs, Principal Executive Director & Executive Directors of Railway Board

(T.K.Pandey)
Executive Director (Civil) Transformation