Bharat Sarkar
Ministry of Railways
Railway Board

No. 2008/RS(G)/779/12

Chief Mechanical Engineer,
Western Railway,
Mumbai

Sub: Essentiality of Import

Ref: (i) Your letter no. M233/142/HHP dated 20.07.2015
(ii) Railway Board letter no. 78/F(Ex)1 dated 10.7.1979 — copy attached
(iii) Railway Board letter no. 99/RS(G)/11/4 dated 18.6.1999 — copy attached
(iv) Railway Board letter no. 2008/RS(G)/779/12 dated 06.01.2009
(v) Railway Board letter no. 88/RS(G)/779/14 dated 09.01.2013

The matter raised by you in above cited reference at (i) has been examined in Board’s office. It is clarified that:

1.0 The historic origin of ‘essentiality certificate’ lies in Board’s letter No. 79/F(Ex)1 dated 10.7.1979 followed by letter No. 99/RS(G)/11/4 dated 18.6.1999.

2.0 The aspect of essentiality as indicated in para 2 of letter dated 18.6.1999, is independent of whether there are foreign firms in the approved list or it is a mix of foreign and Indian firms. In fact the basic approach of government when it comes to import is enshrined in GFR 150: “where the Ministry or Department feels that the goods of the required quality, specification etc. may not be available in the country and it is necessary to also look for suitable competitive offers from abroad, the Ministry or department may send copies of the tender noting to foreign embassies”. Thus, the provision in GFR makes essentiality certificate necessary.

3.0 In the matter of import, the aspect of essentiality certificate becomes all the more necessary because further to the direction of MR as circulated vide letter dated 09.01.2013, Board (FC) has also stated that "aspect should be suitably addressed even while proposal to invite tender is under consideration and approval."

4.0 Further, you have mentioned that essentiality of import is to be certified after opening of tender. It is to clarified have that the essentiality of import is to be certified by principal head of the user department at the time of invitation Global Tender and not after opening of tender.

This is issued in consultation with Mechanical Directorate.

Santosh Mittal
DDRS(G)
Railway Board

Copy to: All Zonal Railways/PUs
Copy of letter no. 79/F(EX)1 dated 10/7/1979 from JDF(L&F), Railway Board to GM/Indian Railway

Sub: permission to invite tenders involving foreign exchange.

In terms of Board’s letter No. F(EX)57/1 dated 23rd March 1957 Railway Administration are required to obtain Board’s prior approval before calling for tenders involving foreign exchange expenditure estimated to exceed Rs. 50 thousands. Relaxation of these orders has been under consideration of Railway Board for some time and it has now been decided as under:-

(i) General Managers of Zonal Railways and Production Units may grant permission for invitation of tenders of single/limited/global tender basis for any procurement for which the estimated foreign exchange expenditure is not more than Rs. 10 lakhs on C.I.F. basis.

(ii) General Managers of Production Units may, in addition, grant permission for invitation of tenders on single/limited/global tender basis for procurement of components and materials required for their production programme as approved by Railway Board without any monetary limit on the estimated foreign exchange expenditure.

(iii) Powers under (i) and (ii) above may be exercised subject to the following:-
(a) The proposed import procurement has been approved from the essentiality aspect by the head of the user department and has been concurred in by the associate ‘Finance’.
(b) Indigencous clearance, where required, has been obtained.

2. These decisions are intended to achieve quicker disposal of cases of essential imports and do not alter the position in regard to the release of foreign exchange for which the existing orders will continue to apply. Permission for import tendering will further remain subject to budgetary provision etc., as at present.

Copy of letter no. 99/RS(G)/11/4 dated 18/06/1999 from EDRS(G), Railway Board to GM/Indian Railway

Sub: Wasteful expenditure on imports from EDRS(G)/Railway Board to GM/Indian Railways

The Standing Committee on Railways (12th Lok Sabha) on Demands for Grants of Ministry of Railways (1999-2000), in its 3rd Report have observed as under:-

"The Committee finds that there is considerable increase in imports especially of parts and fittings for carriages/wagons; metals; acids, paints & varnishes; Electrical and S&T stores, etc. The Committee express their serious concern over the increase in imports of these items which can, perhaps, be produced/manufactured either by the Railways themselves or by other indigenous manufacturers".
2. Keeping in view the above observations made by the Standing Committee on Railways, Board desire that only those items may be imported which are essential and not readily available indigenously. Any expenditure on imports for the items indigenously available should be avoided.

3. Board also desire that a review of the items like C&W parts, metals, Fuel & Lubricants, Electrical and S&T Stores, Acids, Paints and Varnishes imported during the last 2 years viz. 1997-98, 1998-99 be carried out with a view to examine whether such imports were avoidable and details furnished at the earliest as per the proforma given below:

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Year</th>
<th>Broad category of items imported</th>
<th>Whether could be manufactured indigenously</th>
<th>Reasons for import</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sd/-
EDRS(G)