Bharti Sankar
Ministry of Railways
Railway Board

No. RS(M)/2011/EPS/01 Pt

The General Manager, All Indian Railways/PUs, NF(C), CORE
The DG/RDSO/Lucknow & NAI RV Vadodara
CAO's, DMW/Patna, WPO/Patna, CCM/M/NDLS, RCF/RBL/NDLS
Sub.: Guidelines for Electronic Reverse Auction.

Ref.: i. Railway Board's letter No. RS(M)/2011/EPS/01 dated 03/01/2013.
ii. Railway Board letter no. 99/RS(G)/709/1/Pl. dated 13/01/2015.

Dated: 18.1.2018

1.0 Railway Board, vide letter No. RS(M)/2011/EPS/01 dated 03/01/2013 had advised all Zonal Railways and
Production Units to procure suitable items through Reverse Auction method. Procedure required to be
followed for reverse auction, formulated in consultation with IT Directorate and concurred by Finance
Directorate, was also provided as an annexure to that letter.

2.0 Hon'ble MR has desired that Indian Railways should adopt e-Reverse Auction (e-RA) as a method for
procurement of all goods. In this regard, system of Reverse Auction adopted in allocation of Coal Mines
for Power Sector has been studied and proposed for adoption, with minor changes as required to suit
Railway requirements.

3.0 Accordingly, following procedure shall be adopted for procurement through e-RA on Indian Railways for
eligible cases:

3.1 Selection criteria for tender cases proposed through Reverse Auction (e-RA) route:

I. In the first phase, following method of procurement through Reverse Auction shall be the preferred method for
procurement for tenders valued more than Rs. 10 cr, in each case

II. The process of procurement through Reverse Auction shall be followed only in cases where there are at
least five approved vendors (where bulk procurement is to be from vendors approved by RDSO/CORE/
PU's etc.) or at least five likely competitive sources, prima facie competent for bulk ordering.

III. Financial Bids in single currency (INR) only shall be allowed.

IV. For cases on Zonal Railways' PUs, personal approval of the PCMM/PCE shall be required for any
exception in procurement method for cases otherwise eligible to be procured through the method of
procurement detailed in this letter.

3.2 Procedure proposed for procurement through Reverse Auction:

I. The procedure discussed herein shall be fully implemented through IREPS. Any reference to Reverse Auction in this
proposal shall imply e-RA.

II. Conduct and reporting of Reverse Auction shall be with the same conditions as circulated vide Railway Board letter
No. RS(M)/2011/EPS/01 dated 03/01/2013, with changes as indicated in this letter.

III. Each tender should clearly specify essential technical and commercial parameters in a transparent manner. No
deviation to such essential Technical & Commercial conditions shall be permitted to the vendors in the electronic bid
form.

3.2.1 Technical Bid and Initial Price Offer:

I. Procuring authority shall decide the bid evaluation criteria in the tender itself, i.e. whether the evaluation shall be item
wise, consignee wise or overall tender value wise.

II. Bidder shall be simultaneously required to submit a Technical & Commercial Bid and Initial Price Offer. Offers found
eligible for bulk order shall be categorised as Qualified for Bulk Order for the purpose of RA, offers found eligible
for Developmental order shall be categorised as Qualified for Development Order for the purpose of RA.
III. Offers not complying with essential technical & commercial requirements of the tender shall be declared as 
ineligible for any Order.

IV. Technical & Commercial evaluation of bids shall be done by a Tender Committee, as per extant guidelines, 
delegation and the estimated value of tender. Recommendations of Tender Committee shall be considered by 
Tender Accepting Authority, as per existing guidelines.

V. Initial Price Offer of only those bidders categorized as Qualified for Developmental Order or Qualified for Bulk Order, 
shall be opened and tabulated by system separately, category wise. Extent instructions for tabulation shall apply for 
tabulation of Initial Price Offers.

3.2.2 Financial Bid: Financial Bid shall comprise of Final Price Offer obtained through Reverse Auction.

Following conditions and procedure shall be followed in selecting the bidders for conduct of Reverse Auction:

a. Selection of vendors for Reverse Auction for bulk ordering:

<table>
<thead>
<tr>
<th>Number of vendors Qualified for Bulk Order</th>
<th>Number of Vendors to be selected for Reverse Auction</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than or equal to 5</td>
<td>All</td>
<td>The bids disallowed from participating in the Reverse Auction shall be the highest bidder(s) in the tabulation of Initial Price Offer.</td>
</tr>
<tr>
<td>More than 5 and upto 10</td>
<td>Number of Vendors Qualified for Bulk Order minus 2 highest subject to minimum 5.</td>
<td>In case the highest bidders quote the same rate, the Initial Price Offer received last, as per time log of iREPS, shall be removed first, on the principle of last in first out, by iREPS system itself.</td>
</tr>
<tr>
<td>More than 10</td>
<td>50% of Vendors Qualified for Bulk Order (rounded off to next integer) subject to minimum 8.</td>
<td></td>
</tr>
</tbody>
</table>

b. Selection of vendors for Reverse Auction for developmental ordering: All bids found Qualified for Developmental Order shall participate in Reverse Auction for developmental orders.

c. Maximum time allowed for Reverse Auction, both for bulk ordering or developmental ordering shall be 05 days.

d. During Reverse Auction process, bidders shall not be allowed to bid a rate higher than their lowest Initial Price Offer.

3.2.3 Reverse Auction among bids categorized as Qualified for Developmental Order and Qualified for Bulk Order shall be conducted concurrently on iREPS. Bidders shall only be able to see the auction screens relevant to them for each category. Purchaser shall be permitted to see all the auction screens for both categories on line.

3.2.4 Developmental order upto 20% of NPO can be placed by Zonal Railways/ PU's, on eligible vendors, without waiting for capacity/ capability assessment by nominated centralized agency. Capacity/ capability assessment by nominated centralized agency shall be done subsequent to placement of developmental order, if not already done. In case a developmental order is placed prior to capability/ capacity assessment by nominated agency, developmental order shall be issued with a condition that the developmental order is subject to outcome of capacity/ capability assessment.

3.2.5 Quantity to be covered on developmental orders shall be limited to 20% of the net procurable quantity. Developmental orders shall be placed in terms of Railway Board letter no. 93/RS(G)/70991/PL Dated 13/01/2015. The quantity covered on developmental orders may be within or outside NPO, which may be decided by TC/TA. This aspect has to be decided before conduct of Reverse Auction.

3.2.6 After obtaining the final bids of the Reverse Auction, tenders shall be finalized as per existing procurement policy and procedures based on the eligibility and quantity distribution criteria as defined in the tender document.

3.2.7 The level of Tender Committees to consider the Final Price Offers shall be determined on the basis of lowest initial Price Offer of bid Qualified for Bulk Order as opened prior to Reverse Auction. In case the level of Tender Committee which evaluated technical & commercial bids as per para 3.21 (IV) was higher than the level of TC...
competent to consider lowest initial Price Offer of bid Qualified for Bulk Order, the higher level TC shall continue to finalize such tender cases.

3.2.8 For specific high value cases centralized at Railway Board such as procurement of Wagons, HSD oil, Track Machines, Steel, Rail and such other procurements, separate Reverse Auction conditions regarding para 3.2.2 (a) may be formulated and incorporated in the tender conditions duly vetted by Associate Finance.

4.0 Considering the fact that availability of items is of paramount importance, Zonal Railways should resort to procurement through other appropriate method of procurement to meet any exigency, as mentioned in Para 1.1 above.

5.0 Reverse Auction criteria and procedure as laid down above shall also apply for procurement of items covered under Railway Board's letter No. 2017/Trans/01/Policy dated 09/12/2017.

6.0 The above guidelines will apply prospectively. Tenders already opened shall continue to be dealt as per existing guidelines.

7.0 Zonal Railways/ PUs shall incorporate appropriate conditions in the tender document.

This is issued with the approval of competent authority and concurrence of Finance Directorate of Railway Board.

Santosh Mittal
Dy. Dir. Rly. Stores(G)-I
Railway Board

No. RS(M)/2011/EPS/01 Pt.

1. FFAs, All Indian Railways & Production Units
2. The ADA[Railways], New Delhi
3. The Directors of Audit, All Indian Railways

Dated: 18.1.2018

For Financial Commissioner/Railway

No. RS(M)/2011/EPS/01 Pt.

1. PCMMs, PCEs, CMEs, CEEs, CSTEs, All Indian Railways & PUs, RCF/RBL/NLDS, COFMOW, CORE, WPO and RWP/Bela
2. The Directors--
   a. Indian Railway Institute of Sig. Engg. & Telecom, Secunderabad
   b. Indian Railway Institute of Mech. & Elec. Engg., Jamalpur
   c. Indian Railway Institute of Elect. Engg., Nasik
   d. Sr. Prof. (Material Management), NAIR, Vadodara
   e. Indian Railway Institute of Civil Engg., Pune
   f. Indian Railway Institute of Traffic Management, Lucknow
3. MD, CRIS, Chanakya Pur, New Delhi
4. MD, RITES, RITES Bhavan, Sector-29, Gurugram
5. Director, Iron & Steel, 3, Koila Ghal Street, Kolkata
6. Executive Director (Stores), RDSO, Lucknow
7. Chief Commissioner, Railway Safety, Lucknow
8. Zonal Railway Training institute, Sukedha Circle, Udaipur

Santosh Mittal
Dy. Dir. Rly. Stores(G)-I
Railway Board
No. RS(M)/2011/EPS/01 Pt.

Copy to:
1. The Genl. Secy., AIRF, Room No. 248, & NFIR Room No. 256-C, Rail Bhavan
2. The Secy. Genl., IRPCF, Room No. 268, FROA, Room No. 256-D & AIRPFA, Room No. 256-D Rail Bhavan

(Santosh Mittal)
Dy. Dir. Rly. Stores(G)-I
Railway Board

Copy to:- Sr. PPSs / PPS / PS to:
1. MR, MoS(S), MoS(G)
2. CRB, FC, ME, MTR, MRS, MS, MT, SECY., DG(RS), DG(S&T), DG(Personnel), DG (RHS), DG (RPF)
3. All AMs, PEDs & Executive Directors of Railway Board