Sub: Finance concurrence for amendments including option clause.

Ref: Board’s letter of even number dated 28-08-2003.

1.0 During one of the vigilance investigations on the Railways, it was observed that there is no consistency in the procedures/conventions for obtaining finance concurrence for operation of option clause. The option clause could not be operated in some of the tender cases leading to procurement of items at higher rates in subsequent tenders.

2.0 In this regard, attention of Railways is invited to the Board’s letter under reference wherein it has been clearly advised that “wherever an amendment having financial implication is processed, the amendment letter and the proposal should be simultaneously got concurred/at vetted by Finance to cut down delays.”

3.0 In order to bring uniformity in procedure in such cases, it is clarified that:

3.1 Wherever the approval of competent authority has not been taken for procurement of quantity under +30% option clause at the time of Tender Acceptance itself, the same should be obtained prior to operation of option clause.

3.2 The authority competent to operate option clause (i.e. for tender cases originating in Railways, tender accepting authority or GMs which ever is lower and for tender cases originating in Railway Board, tender accepting authority or concerned Board Member which ever is lower) should ensure that while exercising the option, the interest of Railway Administration has been duly safeguarded with regard to necessity to have the additional quantity and in such situations, it should be invariably ascertained whether the rates in the tenders/offers received or accepted
thereafter are higher in case no new tender is under consideration, the market rate should be ascertained.

3.3 As per the procedure already being followed in Railway Board, option clause should be exercised only when a sizeable percentage (at least 75%) of the supply in the existing contract has been completed satisfactorily.

3.4 For operation of option clause, approval of Competent Authority should be obtained with finance concurrence.

3.5 The case involving exercise of option clause must invariably be processed well in advance of expiry of DP and in such cases, the proposal and the amendment letter should be simultaneously concurred/vetted by finance as per extant instructions to cut down delays and wherever required should be monitored closely at appropriate level.

This issues with the concurrence of Finance Directorate of Ministry of Railways:

(Santosh Mittal)
Dy. Director Railway Stores(G)
Railway Board

No. 99/RS(G)/779/5/pt I
New Delhi, dated 01-10-2009

Copy to:
1. FA&CAOs, All Indian Railways & Production Units.
2. CE, All Indian Railways & Production Units.
3. The ADA(Railways), New Delhi (with 10 spares copies)
4. The Director of Audit, All Indian Railways.

for Financial Commissioner / Railways

No. 99/RS(G)/779/5/pt I
New Delhi, dated 01-10-2009

Copy to:
1. The COSs, All Indian Railways & PUs including NF(C).
2. The COS, Metro Railway, Kolkata.
3. The COS, COFMOW, New Delhi.
4. The COS, CORE, Allahabad.
5. The COS, Konkan Railway Corporation Ltd., Belapur Bhavan, 4th Floor, Sector-11, CBD, Belapur, Navi Mumbai-400614.
6. The COS, Mumbai Rail Vikas Corporation, 2nd Floor, Church Gate station Building, Mumbai-400020.
7. The Directors-
   a. Indian Railway Institute of Sig. Engg. & Telecom, Secunderabad.
   d. Sr. Prof. (Material Management), Railway Staff College, Vadodara.
e. Indian Railway Institute of Civil Engg., Pune.
f. Indian Railway Institute of Logistics & Materials Management, IDA House, Sector IV, R K Puram, New Delhi
8. Chairman, Railway Rates Tribunal, Chennai
9. Director, Iron & Steel, 3, Koila Ghat Street, Kolkata.
10. Executive Director (Stores), RDSO, Manak Nagar, Lucknow.
12. ED(QA)/RITES, RITES Bhavan, Sector-29, Gurgaon, Haryana.
13. CPM, CRIS, Chanakya Puri, New Delhi.
15. Dy.CMM / Workshop Projects O rganisation, 1st Floor, Chamber Bhawan, J.C. Road, Patna -800001.

(Santosh Mittal)
Dy. Director Railway Stores(G)I
Railway Board

No. 99/RS(G)/779/5/pt I

New Delhi, dated 01-10-2009

Copy to:
1. The General Secretary, AIRF, 4 State Entry Road, New Delhi.
2. The General Secretary, NFIR, 3 Chelmsford Road, New Delhi.
3. The Secretary General, IRPOF, Room No. 268, Rail Bhavan, New Delhi
4. The Secretary General, FROA, Room No. 256-D, Rail Bhavan, New Delhi
5. The Secretary General, AIRPFA, Room No. 256-D, Rail Bhavan, New Delhi

(Santosh Mittal)
Dy. Director Railway Stores(G)I
Railway Board

Copy to:- Sr. PPSs / PPS / PS to

(i) CRB, FC, ME, ML, MM, MS, MT, SECY., DG (RHS), DG (RPF)
(ii) All AMs and Advisors of Railway Board.
(iii) All Executive Directors of Railway Board.
(iv) All Directors of Electrical, Engineering, Finance, Mechanical, Stores, Signal & Telecom Dte &
    All Branches of Electrical, Engineering, Finance, Mechanical, Stores,
    Signal & Telecom Dte.