

154 123  
①

Government of India  
Ministry of Railways  
Railway Board.

No.2007/Track-III/MC/Misc.

New Delhi, dated 30 -7-2010.

The Principal Chief Engineers,  
All Zonal Railways.

Sub: Warranty issues and release of Performance Guarantee Bond (PBG) under Railway Board's contracts for supply of Track Machines & Capital spares.

Ref: This office letter of even number dated 8.10.08.

Instructions regarding prompt raising of warranty claims have been issued vide this office letter of even number dated 8.10.2008. Railways have been advised if the claims are not raised within the period stipulated in contract, the Performance Bank Guarantee will be released to the supplier. The responsibility of the consignee Railways to monitor the performance of the machines/capital spares with respect to the provisions of the contract and warranty obligations and lodge the claims timely is reiterated. Further, in case the defects are not attended satisfactorily by the supplier, within two months of notification, the same should be taken up at the level of CTE/CE(TM) of the Railway under advise to Railway Board.

It is, however, noticed that in certain cases, defects are being brought to the notice of Railway Board only at the time of release of Performance Bank Guarantee, much beyond the stipulated period in the contract which may lead to warranty obligations being rendered void. Further a confirmation by the Railway, of satisfactory fulfillment of warranty obligation also remains pending much beyond three months after the warranty period, which leads to uncertainty in conclusion of contract.

In order to streamline consignee railway's role in timely fulfillment of warranty provisions, the following instructions are issued:

- i) Any complaints, defects or claims due under the warranty must be raised promptly by the Dy.CE/Track Machine on being discovered, not later than three months of such discovery, endorsing a copy to the CTE/CE(Track Machines).

30/7/10

Pl. Issue for 7C

10/10

- ii) If the replacement/repairs called upon are not delivered/performed satisfactorily, within two months of notification, the same should be taken up by CTE/CE(TM) endorsing a copy to Director Track(MC), Railway Board.
- iii) Replacement/repairs of the notified defect should be monitored by the office of CTE/CE(TM) for timely compliance by the supplier. In case of dispute regarding admissibility of warranty claim, CTE/CE(TM) should hold a meeting with the supplier to resolve the issue.
- iv) Upon completion of the warranty period of each machine, the Dy.CE(TM) should issue a letter to the supplier, clearly bringing out outstanding warranty obligations.
- v) Upon satisfactory completion of warranty obligation of each machine, the Dy.CE(TM) should issue a certificate to the supplier as per Annex.I. Such certificate should be issued immediately after completion of three months period beyond warranty period of each machine.
- vi) In case the defects/claims remain outstanding even after three months beyond the warranty period, the CTE/CE(TM) should promptly bring the same to the notice of DTK(MC) Railway Board. In case no advice is received, it will be concluded that there are no outstanding warranty liability against the supplier.

Kindly note, it is the responsibility of the consignee Railway to bring any outstanding warranty obligation to the notice of Railway Board within three months of the expiry of the warranty period of each machine. If no advice is received, it will be concluded that all warranty obligations have been satisfactorily fulfilled and no further confirmation shall be obtained from the Railway before releasing the Performance Bank Guarantee.

*30/07/10*  
(A.K. Lahoti)  
Executive Director Track (MC)  
Railway Board.

DA: As above.