The General Manager,
All Zonal Railways.

Sub: Terms & Conditions of transfer of projects to PSUs (other than RVNL).

Ref: Railway Board’s letters of even no. dated 15.03.2016.

The Terms & Conditions of transfer of projects to PSUs (other than RVNL) was communicated by letter under reference. As per the terms and conditions, PSUs and Zonal Railways have to enter into a contract agreement similar to agreement signed between IRCON and Northeast Frontier Railway for Agartala-Akhoura and Sivok-Rangpo New Line projects.

The contract agreement mentioned above, have clauses regarding establishment charges, D&G charges, Management Fee, Profit etc. which are at variance with the terms and conditions mentioned in Para(4) of the letter under reference. Some Zonal Railways have sought clarification regarding the same.

It is clarified that the payment to the PSUs will be the value of the work done plus the charges as applicable to RVNL. No other charges over and above this will be admissible to the PSUs. Profit of the PSUs will be the saving effected by the PSUs out of these charges only. Under no circumstances the total payment of all charges over and above the payment of actual cost of the work will exceed the Consolidated Management fee which includes D&G charges and Management fee as per Para No. 1 of Railway Board’s letter No. 2004/W-1/RVNL/15 dt. 04.01.2012 (copy enclosed). The two agreements mentioned in the letter intimating terms and conditions should be referred only as a guidelines and the clauses of the agreement pertaining to establishment charges, D&G charges, Management Fee, Profit etc. should be modified accordingly. Wherever agreements have been signed necessary supplementary agreement modifying the relevant clauses may be entered into.

(Anjum Parvez)
Executive Director/Project Monitoring
Tele/Fax: 011-23388236

Copy to:
(i) Chief Admin. Officer (Construction), All Zonal Railways.
(ii) FA&CAO (Construction), All Zonal Railways.
(iii) CMD/IRCON, RITES, MRVC.
Managing Director,
Rail Vikas Nigam Limited,
1st Floor, August Kranti Bhawan,
Bhikaji Cama Place,
New Delhi - 110066.

Sub: Rationalisation of the revenue stream of RVNL.
Ref: Board's letters of even number dated 2.6.2010 & 23.6.2010.

Railway Board has reviewed the instructions communicated vide letters under reference on the issue of the enhancement of revenue stream of RVNL and the following have been decided:

1. The D&G charges and the Management Fee allowed separately to RVNL are to be merged and in lieu thereof a consolidated Management Fee will be allowed to RVNL on the annual expenditure incurred by RVNL for execution of various nature of projects assigned to it by MoR as under:-

   - 9.25% for Metro Projects
   - 8.5% for other Plan Heads
   - 10% for National Projects

2. In addition, RVNL may allocate a maximum of 0.25% of the cost of projects to Zonal Railways as D&G charges for RVNL projects being executed on the respective Zonal Railway.

3. All expenditure in the nature of consultancies related to project management should be charged to the project and will not have any bearing on the Management Fee.

4. The interest earned on short term deposits by RVNL may be retained by the Company, as per the present accounting practice being followed by RVNL.

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

(Vinay Singh)
Executive Director (Works),
Railway Board.

No.2004/W-1/RVNL/15
New Delhi dt. 04.01.2012

For Financial Commissioner (Railways)