

CIN : L74999DL2003GOI118633



रेल विकास निगम लिमिटेड
Rail Vikas Nigam Limited

गुणवत्ता, गति एवं पारदर्शिता

(A Government of India Enterprise)

RVNL/SECY/STEX/2020

6th January, 2020

BSE Limited 1 st Floor, New Trade Wing, Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street Fort, Mumbai-400001 Scrip Code: 542649 /RVNL	National Stock Exchange of India Ltd. National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400051 Scrip Code: RVNL
---	---

Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sub: Assignment of work to PSUs by Ministry of Railways

Dear Sir/Madam,

Pursuant to Regulation 30 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby informed that Ministry of Railways (Railway Board) Govt. of India vide its letter no. 2019/PL/57/5 dated 27th December, 2019 (received on 6th January, 2020) has conveyed the conceptual framework to introduce competition among PSUs for awarding Railway work (**copy enclosed**).


This is for your information and record please.

Thanking You,

Yours faithfully,

For Rail Vikas Nigam Limited




(Arun Kumar)

Director (Operations)

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No.2019/PL/57/5

New Delhi, dated : 27.12.2019

The Chairman and Managing Directors,
Braithwaite and Company Ltd., Kolkata
Container Corporation of India Ltd., New Delhi
Indian Railway Catering & Tourism Corporation, New Delhi
IRCON International Ltd., New Delhi
Konkan Railway Corporation Ltd., Mumbai
Mumbai Railway Vikas Corporation Ltd., Mumbai
Railtel Corporation of India Ltd., New Delhi
RITES Ltd., Gurgaon
✓ Rail Vikas Nigam Ltd., New Delhi

The Managing Directors,

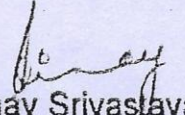
Dedicated Freight Corridor Corporation of India, Ltd., New Delhi.
Indian Railway Finance Corporation Ltd., New Delhi
Kolkata Metro Rail Corporation Ltd., Kolkata.

Sub.: Assignment of work to PSUs .

Board, in their meeting held on 19.12.2019, approved the note submitted by Planning Directorate outlining the conceptual framework to introduce competition among PSUs for awarding Railway works.

A copy of the conceptual framework is attached for kind information.

Encl.: As above.


(Vinay Srivastava)
Executive Director(PSU)
Railway Board

Rail Vikas Nigam Limited
Dy. No. 3 / ICMD Sectt.
Dated. 06/01/2020

Detailed modalities for competition among eligible PSUs for allotment of works by Railway Board

1.0 The Modality:

1.1 The projects/works to be given to PSUs may be identified by the concerned Directorate of Railway Board, taking into consideration the capacity and capability of Zonal Railways to execute works. This exercise should be done preferably at the beginning of the Financial Year and after supplementary budget.

Master list of PSUs eligible for participating in bidding for works would be prepared by ED level Committee in Railway Board, based on category of works proposed to be given to PSUs. The committee shall consist of ED/PSU, Nominated ED from Finance and ED from the concerned directorate. ED/PSU shall be the custodian for the master list which shall be updated from time to time.

1.2 A proposal may be put up to the concerned Board Member for in-principle approval for awarding work by competition amongst PSUs included in the master list of the proposed category work.

1.3 The Nodal Directorate will prepare necessary documents for the quotation. The sanctioned cost and abstract estimate/DPR shall form a part of the document.

by

- 1.4 15 days notice will be given to the PSUs for opening of the quotation.
- 1.5 Tentative completion period of the project will be indicated.
- 1.6 No earnest money, security deposit or performance guarantee will be taken from the PSUs so invited to participate, before or after award of work.
- 1.7 The participating PSUs will be required to quote a single mark up as percentage (*upto 2 decimal places*) of the cost of the project as Consolidated Management Fee. They will not be permitted to quote any special conditions.
- 1.8 The offer will be dealt by a three member committee comprising of the concerned ED of the Directorate and the ED of Associate Finance, and ED/PSU, and will be accepted by the concerned Member.

2.0 Evaluation of Performance & Awarding of Work:

- 2.1 After opening of the single pack bids of the PSU, L1 bidder may be awarded the work subject to capacity and performance.

The capacity of the PSU to complete projects with reference to past record and available pending projects in hand will be considered while allotting works. The past performance of the PSU's in timely completion of the project shall be considered while awarding the project work to any PSU by the Railway Board.

hgy

However, at the time of award of the work, there can be a situation where one PSU may be lowest in all/most of the works. The three member committee may recommend at the time of allotment of work whether to give this work to one PSU or may recommend to distribute the work to other PSUs by giving counter offer to the L2 at the rate of L1, and L3 in case L2 refuses, and so on, in the interest of work. Also, if rates of management fee are high on opening of quotation, negotiation may be called as per normal practice with L1.

- 2.2 Further award of work (if any) by the PSU shall be done in a transparent manner to ensure price discovery through open transparent and competitive bidding following due procedure and adhering to the CVC guidelines on the subject.
- 2.3 The mode of contracting by the PSU will be as per latest extant instructions of the Railway Board.
- 2.4 A Memorandum of Understanding (MoU) based on a standard MoU circulated by Railway Board will be executed between the PSU and the concerned Zonal Railway after issue of Acceptance letter by Railway Board.
- 2.5 As per DPE Guidelines, every year MOU is signed between Ministry of Railways & PSU. The track record of past performance for commissioning of projects would also be made part of MOU for annual evaluation of its performance.

by

2.6 Track record of past performance in completion & commissioning of works will be an important parameter in awarding of work(s) to PSU

3.0 Estimate:

- 3.1 Project will be sanctioned after FLS and preparation of DPR having Detailed Estimate. PSU may choose to validate the same. If any changes are required, it will be proposed by PSU to Zonal Railway. Revised Estimate will be sanctioned by Zonal Railway or Railway Board as per Delegation of Power.
- 3.2 For faster execution of works quick decision making is the prerequisite. Hence, maximum time limit for sanctioning of estimates in Zonal Railways would be 01 month, else, the delay would be reported by concerned PSU to concerned Railway Board Member for his/her immediate intervention.
- 3.3 PSU will not have any authority to revise the estimate. However in the interest of project, permission of competent authority can be obtained before executing the variation, pending sanction of Revised Estimate.

4.0 Cost:

The cost of the work shall mean the following elements of cost:

- 4.1 Contractual payment made by the PSU for getting the work executed including variation in quantities, introduction of new items and price variation due to escalation, if any. This will also include cost of all contractual payments made to

ky

architects, surveyors, technical/design consultants, for preparation of design/drawing, geotechnical investigation, shifting of utilities, third party testing/ inspection/certification etc.

- 4.2 Cost of material supplied by Railway or PSU to contractor.
- 4.3 Cost of land acquisition including cost for facilitating Land acquisition, Forest clearance, other clearances, crop/tree/Building compensation etc for the project.
- 4.4 Miscellaneous cost like arbitration, court case, advertisement cost etc.
- 4.5 Any other expenditure incurred related to project at the instruction of Railway.
- 4.6 Cost of maintenance of the completed work (if required). No maintenance cost shall be payable if contractual conditions enjoin upon the contractor to maintain assets without any extra liability.
- 4.7 Railways shall, however, not make any payment for replacement of Defective/ Nonstandard /Bad quality work.

5.0 Consolidated Management Fee:

- 5.1 Project Management Consultancy related to Project Management and / or Supervision cost (*including salary, allowances etc. of PSU employees, regular or under contract*) will form a part of the Consolidated Management Fee.

by

5.2 The PSU shall be paid an amount equivalent to accepted mark up on Detailed Estimate of project and maximum upto 1st Revised estimate of the project under various heads in para 4 above as Consolidated Management Fee, Except the items described in para 5.3.

After sanctioning of 1st revised estimate, any variation in amount of work which is beyond the control of PSU (*like change in scope of work, by Railway, inflation in rates of constituent items etc.*) would be paid to PSU, but no management fees would be paid on the variation amount.

5.3 Cost of Land acquisition/compensation, mandatory taxes, material supplied by the Railway, any payment made to Railway, advertisements, and Arbitration and Court cases shall be excluded from cost of project for payment of management fee.

6.0 Time of Completion & Bonus for early completion of work:

6.1 The completion period of the project will be decided by the Nodal Directorate of Railway Board as per the overall plan of the Directorate and taking into consideration availability of land, forest clearance, utility shifting etc.

6.2 The extension in time of completion will be granted to the PSU on grounds as per Indian Railways Standard General Conditions of Contract, Sep'2019 with upto date correction slips. The liquidated damages for delay in completion shall



be worked out on the total management fees and not on the project cost.

- 6.3 PSU shall incorporate the Annual Commissioning targets in the annual performance MOU signed by the PSUs with Railway Board taking into account the completion period of the project.
- 6.4 In case of Project cost more than Rs. 20 Cr., when there is no reduction in original scope of work by more than 10%, and no extension granted, PSUs shall be entitled for a bonus of 1% of project management fees for each 30 days early completion of work. The period of less than 30 days shall be ignored while working out bonus. The maximum bonus shall be limited to 3% of original total project management fees. The completion date shall be reckoned as the date of issuance of completion certificate by Zonal Railways.

7.0 Financial Control & funding of Project:

- 7.1 The PSU shall submit to Railway at each budgetary stage details of anticipated expenditure to enable provision/revision of budget allotment. Railway shall reimburse the expenditure directly to the PSU.
- 7.2 The PSU shall receive interest free advance amounting to 10% of the initial estimated cost of the project along with corresponding project management fee and applicable tax based on their demand. The PSU will subsequently receive a



recoupable advance amounting to 20% of the cost of work for which work/supply/consultancy contracts are awarded by it.

7.3 Phasing of work and milestones of execution would be clearly mentioned in MOU (*to be signed between Zonal Railway & PSU*) and payment would be given to PSU based on milestones, given in MOU

8.0 Coordination and Assistance by the Zonal Railways:

CAO/Con. for New line, GC and Doubling, PCEE for electrification and Traction related works, PSTE for signalling works, and PCME for Rolling Stock related works of the Zonal Railway will be the Nodal Officer for any project awarded to a PSU, and will be responsible for monitoring the project and coordinating the various clearances/approvals etc., so as to ensure timely completion of the work.

