भारत सरकार **GOVERNMENT OF INDIA**

रेल मंत्रालय **MINISTRY OF RAILWAYS**

(रेलवे बोर्ड) **(Railway Board)**

No. 2021/RS(G)/779/7 **नई दिल्ली New Delhi** Dated: 18/01/2022.

The General Managers, All Indian Railways/PUs, NF(C), CORE
DG/RDSO/Lucknow, NAIR/Vadodara,
PCAO, DMW/Patiala, COFMOW/NDLS,
CAO, WPO/Patna, RWP/ Bela.

Sub.: Vendor approval process - ensuring transparency and competition.

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1. As per the accepted recommendations of an AM/level Committee in Board to look into the existing systems and procedures of vendor registration at RDSO and production Units for enhancing transparency thereof, following instructions are issued for implementation.

2. These instructions are issued with the approval of Railway Board. These instructions supersede all previous instructions on the matters decided herein.

3. Standardization of list of safety items only from Railway Board shall be done and same shall be issued from Railway Board for uniformity. Railway Units, including RDSO and PUs, shall not have authority to categorize any item as safety item.

4. Items in the existing approved vendor list/directory shall be reviewed and standard list of items for approved vendor list/directory shall be issued by Railway Board.

5. **Coordinating Agencies:**
   - 5.1 Once the standard list of items for approved vendor list/directory is issued by Board (as per para 4 above), subsequent additions/deletions/changes in the standard list may be proposed by the Coordinating agencies to Board for consideration, as listed in para 5.2 below
   - 5.2 Coordinating agencies for proposing subsequent additions/deletions/changes in the standard list for consideration of Board and publishing the combined approved vendor list/ directory shall be as under:
     a. RDSO: All S&T, TRD, wagon, Track/Engg Department items, other items identified and allotted by Railway Board
     b. RCF: All LHB coach items (Except items identified for RDSO)
     c. ICF: All EMU and non-LHB coach items (Except items identified for RDSO)
     d. CLW: All Electric Loco Items (Except items identified for RDSO)
     e. BLW: All diesel loco items (Except items identified for RDSO)
     f. CORE: All RE related items (Except items identified for RDSO).
   - 5.3 Other agencies/units will route their proposals for additions/deletions/changes in standard list of items for approved vendor list/directory through these coordinating agencies only.
   - 5.4 Coordinating agencies will be nodal agencies for publishing combined vendor directory for the items in the standard list of items for approved vendor list/directory only, as finalized by Railway Board.
   - 5.5 A vendor, approved by one agency (nominated or otherwise) for an item, shall be deemed as approved vendor for that item for procurement by entire Indian Railways. Coordinating agency will ensure to

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update vendor directory accordingly. The nominated RDSO/Railway/PU/Unit is the final authority in approval of vendors.

5.6 Coordinating agency shall propose detailed justification for each item for additions/deletions/changes in standard list of items for approved vendor list/directory. If any item is proposed for inclusion in the standard list, the justification shall also include reasons why the item cannot be procured on the basis of generic eligibility criteria and specifications/drawing.

5.7 Procurement of only these items (listed by Railway Board in standard list of items for approved vendor list/directory (refer para 4 above)), shall be limited to be done through the approved vendors in combined vendor directory, published by coordinating agencies. Procurement of items, except these limited items, shall be through the process of competitive bidding on the basis of predefined eligibility criteria and specification.

5.8 Coordinating agencies shall conduct a yearly review for removing items from the "standard list of items for approved vendor list/directory ", for procurement on the basis of generic eligibility criteria, particularly for items with more than five active sources, i.e. those items where technology/ quality has stabilized. Such items shall be notified by Railway Board on 1st July every year, based on review, and upon such notification, nominated vendor approving agencies (coordinating agencies) shall remove the notified items from their combined vendor directories. The items so removed from the list shall be procured on the basis of generic eligibility criteria.

6. **Grouping of items:**

To fast track approval process, coordinating agencies shall propose, to Railway Board, grouping of items reserved to be procured from approved sources. Grouping shall be based on requirement of manufacturing process, M&P and other facilities for production of the item. Common vendor approval shall be granted for a group of items so identified.

Vendors already approved for some of the group items should be encouraged, by all agencies, to get approved for the remaining items of the group also by making them eligible for developmental order. This should be started immediately after approval of grouping of items.

7. **Category of Developmental vendors in vendor directory**

System of vendor categorization adopted for RDSO shall be followed for all the vendor approving agencies to bring uniformity. All the policies for ordering in procurement of items reserved to be procured from vendors approved by RDSO shall apply, as it is and as amended by Railway Board from time to time, on procurement of items reserved to be procured from vendors approved by other vendor approving agencies also.

Railway Board letter no 2001/RS(G)/779/7 Pt 2 (1) dated 06-11-2018 for consideration of developmental vendors for placement of bulk order without any quantity restriction in case of items where there are not more than three approved vendors, shall also apply for all items approved by all vendor approving agencies.

8. **Uniform Criteria for upgradation of vendor to approved category for an item/group of items of a Rolling stock/Asset**

8.1 For field trial period, there should be very few selected items requiring more than 06 months trial and only rare items under category requiring trial for 01 year or more. There should not be any item which takes more than 02 years for approval as approved vendor from the date of application by vendor, except the time taken by vendor side.

8.2 All such cases where the field trial is considered necessary beyond one year the justification shall be furnished and Railway Board's approval obtained, by coordinating agency.

9. **Infrastructure requirements:**

9.1 To increase the vendor base, infrastructure required for production of item is to be reviewed by all Vendor approving agencies within 6 months for each item with a view to relax the criteria to bare minimum considered absolutely essential requirement. Outsourcing of processes should be permitted as far as possible. Assessment/ verification of Schedule for Technical Requirement (STR) should be objective and transparent. Facility to which the process is being outsourced should also be part of vendor assessment process. This exercise should be completed by coordinating agencies (Para 5) within 6 months of issue of this letter.

9.2 Requirements in the STR should be performance/accuracy/output criteria based and vendor should comply with these criteria. Insistence on a particular infrastructure should be avoided and objective should be to attain the desired output. Vendors should be allowed to offer alternate process/ infrastructure with justification/ evidence to establish that the same can provide consistent output to. desired level

For each operation/performance/process/accuracy etc., output value/ accuracy level/ performance level to be achieved and recommended infrastructure/ process etc. should be specified in the STR and vendor should be asked to give compliance by giving details of offered infrastructure/ process etc. and level of output/ accuracy/ performance of the offered solution vis-à-vis specified in STR

10. **Revision of Technical Documents**

Any change in STR/specification/drawing should be regulated in a way that most of the vendors (80 %) do not go out of vendor directory. All vendors should be given minimum six months' time to augment capacity as per the revised STR/Specification/drawing depending upon the complexity.

Else, all existing approved vendors may be made eligible to participate in tenders as per their existing approval status. However, vendors should be eligible for ordering as per their existing approval status subject to their confirmation in tender for compliance to revised specification/STR/Drgs along with the condition in the tender/contract that supply against the order shall start only after approval/passing of prototype.

In case neither of the above two options, are selected then approval of the concerned Railway Board Member shall be taken.

11. **Online Availability of Technical Documents**

All Vendor approving agencies within 3 months shall ensure that there is permanent display of items with details like clear photograph of the item, STR, specifications, drawings, QAP (Quality Assurance Plan), major processes and raw materials for manufacture of the item etc., in searchable and downloadable format on web site of Vendor approving agencies as well as on Unified Vendor Approval Module (UVAM).

12. **Uniform processes and documentation for approval of vendors:**

12.1 Standard process flow and related documents for complete cycle of vendor development, approval, review, delisting etc. should be adopted by all vendor approving agencies (including different vendor approving units within a particular vendor approving agency). For this purpose, a committee has been nominated by Board vide letter no ERB-I/2021/23/18 dated 07.07.2021 (Annexure I).

12.2 The accepted report shall be binding on all vendor approving agencies and be basis for Unified Vendor Approval Module workflow (UVAM).

13. **Vendor Development - Assessment of vendor and time taken**

13.1 Presently time taken in capacity capability assessment for giving developmental status is varying in different vendor approving agencies. It has been decided that, in order to fast track the vendor approval

process and bring in uniformity, vendor approving agencies shall complete the process, from receipt of application to giving developmental vendor status to the vendor, within 60 days.

13.2 The activity should be fast tracked either by deploying additional internal resources by vendor approving agencies or by outsourcing to capable outside agencies like RITES/other accredited agencies. Empanelment of external assessment agencies should be done by RDSO on behalf of all vendor approving agencies within one month of issue of this letter. Minimum three agencies shall be empanelled with upper limit on fee to be charged. These empanelled agencies may be approached by vendors, directly, at pre-application stage. as well. This shall permit vendors to submit application with pre-verified facilities as per STR, Other Railway Units may also, directly, approach these agencies for verification of vendor's facilities as per STR for first time ordering of de-regulated items.

13.3 There shall be no limit on number of firms for capacity/capability assessment and placing them under developmental vendor category.

13.4 To fast track development of vendors, as far as possible, supplies against developmental order should be put to use and monitored on priority.

14. **Vendor approving agencies:**

14.1 Though coordinating agencies shall be as para 5 above but, vendor approval shall be done by following agencies:

a. RDSO: All S&T, TRD, wagon, Track/Engg Department items, other items identified and allotted by Railway Board
b. RCF: All LHB coach items (Except items identified for RDSO)
c. ICF: All EMU, non-LHB and LHB coach items (Except items identified for RDSO)
d. MCF: All LHB coach items (Except items identified for RDSO)
e. CLW: All Electric Loco Items (Except items identified for RDSO)
f. BLW: All diesel and Electric Loco items (Except items identified for RDSO)
g. CORE: All RE related items (Except items identified for RDSO).

14.2 Effort of vendor approving agencies should be to increase the base of approved vendors as much as possible without any limit on number of approved vendors, to increase competition. Though minimum 5 vendors should be the bench mark for all items, approving agencies should strive towards 10 vendors as a norm for each item, depending on nature and volume of the procurement.

14.3 However, a system of regular weeding out of non-performing vendors from the approved vendor list should be adopted so as to maintain active approved vendor list. Weeding out of non-performing vendors should be based on the objective criteria like number of failures per annum per unit item in service. Weeding out of vendors should be done through a committee consisting of Technical, Stores and Finance members for identifying non-participating/ poor performing vendors. Costing and Market research cell, as discussed in following paras, shall also recommend, in its periodical report delisting of such non-participating/ poor performing vendors.

14.4 Industry Interaction :

Present system being followed by RDSO for soliciting Expression of Interest (EOI) and active interaction with industry should be formalized by RDSO within one month, from issue of this letter, and implemented by all vendor approving agencies immediately thereafter.

15. **Costing and Market Research cell:**

15.1 A multi-disciplinary costing and market research cell shall be set up within each vendor approving agency, using existing resources within 3 months. The cell shall undertake following activities, apart from other activities which may be necessary to ensure competitive procurement:

i. Identify the items where cartel is suspected and undertake competition assessment in procurement of the item.
ii. Identify items where alternative technologies are available and can be permitted on Indian Railways.

iii. Estimate the cost of manufacturing of an item.
iv. Identify items where the margin of profit is seemingly high and suggest options for price reduction and/ or increasing competition in procurement.
v. Cost benefit analysis before any change in specification or introduction of new specification/ item.
vi. Market research on various factors impacting cost of items for which that vendor approving agency has been nominated for vendor approval.

The cell shall be the main market research and analysis unit of the vendor approving agency. Therefore, it is essential that the cell is suitably supported by a competent team. The cell shall need to be manned by persons having knowledge in the related fields. The cell shall be permitted to solicit services of outside experts like cost accountants, technology and material science experts from agencies like IITs, IISc, ICAI. Government organisations like Competition Commission of India (CCI), can also be involved. Experts on value engineering and value analysis can also be involved to remove redundancy in existing specifications and to find out better replacement materials.

15.2 The Costing and Market research cell, of each vendor approving agency, shall annually review the vendor approval system (report to be submitted within 30 days of completion of review period). The review shall specifically identify the areas of delays in vendor approval process or where the timelines are too relaxed. The report shall suggest changes/ modifications to make the vendor approval process more transparent and speedier. The report shall also highlight the savings/ benefits accrued to Railways on account of actions taken on suggestions made by the cell, during the reported period. The report and action taken on the report shall be put up to GM/DG of the vendor approving agency, within 30 days of submission of report. Subsequently, the report and action taken shall be submitted to Railway Board for consideration in Railway Board meeting.

15.3 Costing and Market research cell, shall also recommend, in its periodical report, delisting of non-participating/ poor performing vendors.

15.4 The objective of the costing and market research cell shall be to increase the vendor base which will increase competition and result in cost effective offer.

16. **Developmental Tenders:**

16.1 Developmental tenders by vendor approving agencies, as per Railway Board letter no. 99/RS(G)/709/1/Pt dated 13-01-2015 (as amended from time to time), should be a norm. Such tenders should be issued frequently (at least once every year) for all items. Special efforts should be made for vendor development where there are not more than 5 approved vendors or the capacity of the existing vendors is less than three times of total Indian Railway requirement or there is suspicion of cartel amongst existing approved vendors. List of such items should be published on the website and also to be shared with the prominent industry bodies giving complete details of items like eligibility criteria, STR (standard technical requirements), specifications, drawing, use of item, processes required so that they can also use their reach for inviting vendors to participate in Railway procurement system.

It is imperative that the firms, whose capability and capacity has been assessed and found acceptable, get developmental order as early as possible.

For items included in vendor directory, the vendor approving agency should issue developmental tenders time to time for-

(i) Early placement of developmental orders,
(ii) Closer/better monitoring of process audit etc., and
(iii) Controlled proliferation to avoid large scale damage in case of failure.

16.2 **Authority to RDSO for developmental tenders and Budget**

For items where procurement is restricted to vendors approved by RDSO, following powers are delegated to RDSO –

i. Issue Developmental Tenders and placement of Developmental orders, upto quantity required for upgrading vendors to approved category, for items being approved by RDSO. It should be possible for RDSO to place developmental order on multiple vendors for qualifying quantity to fast track the process of increase of number of vendors.

ii. Dedicated budget to be allocated specifically for this purpose. Detailed modalities of transactions shall be decided by RDSO.

16.3 While placing developmental order the quantity should be sufficient enough for upgradation to approved category. Milestones/ delivery periods/scheduling should be done for very critical items.

17. **Common Vendor Approval Portal:**

Unified Vendor Approval Module (UVAM) has already been made live. All the approval process should be on the online platform. Also, all the existing applications should be moved to UVAM platform by 31-01-2022.

18. **Application Fees**

Following uniform fee structure for vendor application for approval shall be applicable for all vendor approving agencies –

Category of vendor	Application Fees
MSME	Rs 10000
Non-MSME	Rs 15000
Foreign	$500

This is issued with the concurrence of Finance directorate of Railway Board.

18/01/22

(Chandan Kumar)
Director Railway Stores/IC
Railway Board

No: 2021/RS(G)/779/7 **New Delhi, dated 18-01-2022.**

1. PFAs, All Indian Railways & Production Units.
2. The ADAI (Railways), New Delhi.
3. The Directors of Audit, All Indian Railways.

for Member (Finance) /Railway Board.

LIST FOR DISTRIBUTION

Directors of all CTIs,
CMDs /MDs of all Railway PSUs/ autonomous bodies/ societies,
PCMMs, PCEs, PCMEs, PCEEs, PCSTEs, All Indian Railways & PUs, COFMOW, CORE, WPO/Patna and RWP/Bela
Sr. Prof. (Material Management), NAIR, Vadodara, PED (Stores), RDSO, Lucknow
Chief Commissioner, Railway Safety, Lucknow
Zonal Railway Training Institute, Sukadia Circle, Udaipur

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Genl. Secy., AIRF, & NFIR, Rail Bhavan; Secy. Genl., IRPOF, FROA, AIRPOA, Rail Bhavan.

Copy to:- PSOs/Sr. PPSs / PPSs / PSs/APS to :

MR, MOSR(D), MOSR(J)
CRB&CEO, M(TRS), M(Infra), M(O&BD), M(F), Secretary/RB, DG (RHS), DG (RPF), DG(HR), DG (Safety)
All AMs, PEDs & Executive Directors of Railway Board

Annexure I

भारत सरकार GOVERNMENT OF INDIA
रेल मंत्रालय MINISTRY OF RAILWAYS
(रेलवे बोर्ड) (RAILWAY BOARD)

No.ERB-I/2021/23/18 **New Delhi, dated** 07.07.2021

ORDER

Ministry of Railways (Railway Board) have decided to constitute a Task Force to bring uniformity in processes and documentation across various vendor approving agencies for vendor approval by formalizing a standard process flow and related documents for complete cycle of vendor development, approval, review, delisting etc.

1.1 The Committee will consist of the following:-

i. Shri Shivendra Singh, Executive Director/QA(Mech)/RDSO ...Convener
ii. Shri Rajeev Kumar, Executive Director/Stores/RDSO ...Member
iii. Shri Avijit Chakraborty, Chief Electrical Engineer/D&D, CLW ...Member
iv. Shri Manish Pradhan, Chief Design Engineer/Mech, ICF ...Member
v. Shri Akhilesh Misra, Chief Design Engineer, RCF ...Member

2. The Terms of Reference of the Committee would be as per **Annexure A**.

3. The tenure of the Committee shall be for a period of 4 weeks from the date of its constitution.

4. The Report of the Task Force shall be submitted to Special Director General/Vendor Development, RDSO, who shall be the accepting authority of the report.

5. The Headquarters of the Committee will be at RDSO, Lucknow.

6. RS(G) Branch, Railway Board will be the nodal branch, for functioning of the Committee. Therefore, implementation of the accepted recommendations and all related issues including Parl. Questions, RTI cases and other formalities with regard to the aforesaid Committee, shall be dealt with by RS(G) Branch, Railway Board.

7. The Convener and Members of the Committee will draw TA/DA as per extant rules.

(A.C. Jain)
Deputy Secretary(Estt)
Railway Board

Copy to:-

1. The General Managers, all Indian Railways (including Metro & CORE) Construction and PUs.
2. The Director General, RDSO/Lucknow and NAIR/Vadodara.
3. PS/MR, EDPG/MR, Addl. PS/MR & Asstt. PS/MR.
4. OSDs/PSOs/Sr.PPSs/PPSs/PSs to CRB & CEO, M/Infra, M/TRS, M/O&BD, MF, Secy, All DGs/AMs/PEDs, JS(G), JS, JS(E), ED/I&P, Dir(Tele), Dir(A), DS(P), US(O&M), US(A)I & II, US(Protocol).
5. The Chief Commissioner of Railway Safety, 16-A, Ashok Marg, Lucknow.
6. The PFA, Northern Railway, New Delhi.

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7. The Pay & Accounts Officer, Railway Board.
8. The Secretary General, FROA, IRPOF, AIRPFA.
9. The General Secretary, AIRF & NFIR.
10. The General Secretary, RBSS, RBSSS & RBMS Association, Rail Bhawan, New Delhi
11. The General Secretary, IRCA, New Delhi.
12. All India SC/ST Railway Employees Association, Room No.7, Rail Bhawan, New Delhi.
13. Railway Board Secretariat Services Group 'A' Officers Association, Rail Bhawan, New Delhi.
14. Cash-I, II, III, Tele, G, G(Pass), G(Acc.), Parl., ERB-I, ERB-II, ERB-III, Stationery, Signal, Reception, RBCC, Library, SEE(Power), **RS(G) Branch**, Railway Board.
15. The Convener and Members of the Committee.

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Annexure A to letter No.ERB-I/2021/23/18 dated 07.07.2021

Terms of Reference of the Task Force

"To develop a standard process flow and related documents for complete cycle of vendor development, approval, review, delisting etc should be adopted by all vendor approving agencies (including different vendor approving units within a particular vendor approving agency)."

Details

To formalize a uniform and detailed process flow chart which shall deal with the situations which the vendor approving agencies may encounter while maintaining the approved vendor list, including cases of fresh request for approval (including the requests forwarded by Railway Units), listing as a developmental vendor, upgradation as approved vendor, downgrading, delisting, process for change in name/ location of manufacturing of vendor, addition of another place of manufacturing. The process flow chart shall detail the procedures to be followed, documents/ forms to be sought from vendors, timelines for each procedure/ process, etc. It should cover entire vendor approval ecosystem of all the vendor approving agencies. The overall timelines instructed by Railway Board on various aspects shall be adhered to. The report shall be basis for common vendor portal workflow.

The system of vendor categorization adopted for RDSO should be followed for all the vendor approving agencies, in case of all safety and vital items to bring uniformity.

The Task force shall specifically comment on justification of each of the document or form sought from the vendor to ensure only relevant information is sought and scrutinized, and infructuous/unnecessary information/documents are avoided.

The required documents can be categorized into Part A, B and C. Part A should contain bare minimum documents mostly containing certifications/approvals/NOCs without which the vendor cannot be considered for approval. The request of vendor shall be rejected in case Part A documents are not submitted. Part B can contain commercial and legal documents like financial statements/incorporation documents/other commercial details etc. Part C the technical documents containing compliance to STR/QAP/ Testing facilities, etc. On compliance with documentation requirement of Part A, verification of Part B and Part-C documents can be done parallelly. In case Part A/Part B have been accepted by one approving agency other agencies should only verify Part C.

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