



केंद्रीयरेलविद्युतीकरणसंगठन, प्रयागराज
Central Organisation for Railway Electrification
1-Nawab Yusuf Road, Civil Lines, Prayagraj (UP)-211001
www.core.indianrailways.gov.in

No. ELCORE/MP/Vendor/Confidential/2018 Pt-I

Date: As Signed

Chief Project Director
Railway Electrification
ADI, JP, MS, SBC, SC & UMB

Sub: Regarding issue of suitable guidelines/system improvement in connection with the diversion of surplus material.

Ref: Vigilance/CORE's letter No.2021120233/RE/Vig/Vig/PC/958, dt 25.04.2023.

During a preventive check conducted by Vig./CORE in a Railway Electrification (RE) project, it was found that the surplus materials were diverted from a non-EPC project to an EPC project, despite an unadjusted ONA amount of Rs. 33.25 Cr being outstanding at the time of approval. Normally, diversion of surplus materials is permitted only if no claims are pending against them. However, since these materials were utilized in the EPC contract, they were paid for as part of the corresponding stage's completion, while the ONA amount was still outstanding. Consequently, the contractor received double payment for these items until the ONA amount is fully adjusted. In this regards, CVO/ CORE has recommended a system improvement plan that comprises the following measures:

1. No material shall be diverted as surplus until ONA payments have been duly adjusted. thereby avoiding the possibility of double payment for the same material.
2. Re-iteration of guidelines contained in policy letter no. ELCORE/MP/Steel/Policy/Pt.II dated 14.02.2011.
3. Suitable guidelines are to be issued with regard to the diversion of surplus materials from non-EPC contracts to EPC contracts, given that there exists no mechanism for deducting the cost of items from the amount payable to the contractor in EPC contracts owing to the lump-sum nature of such contracts.

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5/2/2023

It is requested that the above system improvement shall be implemented during diversion of surplus materials, if any, from a non-EPC project to an EPC project.

This issues with the approval of competent authority.

Digitally Signed by Kalyan

Singh

Date: 02-02-2024 10:57:08

(Kalyan Singh)
Dy. Chief Electrical Engineer/MP
CORE/Prayagraj

Copy to:

1. ✓ DyCVO/CORE : For kind information please.
2. DyCEE/RE/KKK: For kind information and necessary action please.
3. DyCEE/RE/LKO: For kind information and necessary action please.