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MODERN COACH FACTORY, RAEBARELI

Confidential

No. G/MCF/RBL/Vig./2020/System Imp./04

Date: 19.08.2020

PCMM  
MCF/RBL.

**Sub:** Bulk coverage on developmental sources in Vendor Directory (VD).

**Ref:** Rly Bd's letter no 2001/RS(G)/779/7 Pt 2(I) dt. 06/11/18

1. As per instruction contained in the above referred letter, where there are not more than three Indian suppliers categorized as approved sources for a particular item (which theoretically includes a situation where there are nil approved sources), developmental sources can be considered for the placement of bulk order without any quantity restrictions albeit after taking into consideration their past performance and capacity etc. Although, Railway Board issued the said instruction for RDSO controlled items only, yet, in the absence of any separate instructions issued for the PU controlled items, the same instructions are being followed for those items, too.

2. It is also experienced that for many newly inducted items in the VD, sources are enlisted initially as developmental sources purely on the basis of their capacity cum capability assessment without going through field trials. Needless to say that such developmental sources often have no **past supply performance** and are limited to one or two sources only particularly during initial period of their induction. While the purpose behind this exercise appears to be to carry out their capacity-cum-capability assessment in advance so as to avoid the wastage of precious time later on, such enlistment unintentionally accord them a huge & apparently unfair pioneer advantage over other unlisted potential sources. This is mainly because in the absence of approved sources/ inadequate number of approved sources, such developmental sources become eligible for bulk orders for the reasons discussed above. It is relevant to mention that though firms falling under these two categories (developmental vis-a-vis unapproved) stand on the same footing with regard to their performance on field trials, balance of judgement is heavily tilted in favour of such enlisted firms merely on the strength of capacity assessment done in advance.

3. One of the possible solutions to deal with such a contingency is perhaps to ensure that until and unless more than 3 firms are found eligible for approval as regular source, item should not be inducted in the Vendor Directory. Alternatively, all firms found suitable for developmental orders should be treated at par irrespective of the fact whether they or enlisted or otherwise.

4. Notwithstanding the suggestions mentioned above, you are requested to get this issue examined afresh independently for suitable corrective actions, if any.

This has the approval of CVO/MCF.

*Sanjaya Tiwari*  
(Sanjaya Tiwari) 19/08/2020  
SVO  
For GM/Vigilance

**Copy:** (i) Secy to GM for the kind information of GM.  
(ii) PCME, PFA, CDE, CEDE, CPLE