



आधुनिक रेल डिब्बा कारखाना रायबरेली
MODERN COACH FACTORY, RAEBARELI

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Confidential

No. G/MCF/RBL/Vig./2020/System Imp/05

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All PHOD's/CHOD's
MCF/RBL

Sub: Finalizing of Works by inviting quotations.

1. It is matter of common experience that many Works are concluded, on quotation basis, in MCF for the routine works which prima facie appear unjustified. As many of these works are perishable/ temporary in nature which are difficult to verify at later stage, the possibility of irregularity may not be ruled out. Firstly, the need to outsource any activity itself calls for judicious and critical scrutiny. As a matter of fact, the decision to outsource any activity should be taken at sufficiently high level. If need be, some **internal procedure** may be made to deal this issue so that only **justified** and **genuine** works are finalized through this process.

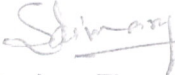
2. Further, as per extant rules, powers to dispense with tenders & calling of quotations for the finalization of Works have been accorded to executives subject to financial ceiling & certain checks & balances. Some of the important governing principles/ checks & balances for the finalization of such works are:

- That these powers to dispense with calling of tenders should be exercised **sparingly**. The circumstances under which quotations have to be called should be spelt out.
- The work should not be **split up** for the purpose of bringing it within the ambit of this dispensation.
- The **reasonableness of the rates** should be gone into objectively and in detail by the accepting authority.
- Quotation should not be for the items which can be executed through the existing contracts.
- Quotation should only be for the works **urgent** in nature.
- Accepting authority must take precautions to see that the quotations are from the **genuine** firms.

3. Against this backdrop, it is generally noticed that the intended **sparing** use of these powers on the premise of urgency is not being followed in letter & spirit and the finalization of Works, without inviting tender, on quotation basis is becoming a **routine practice**. As required in terms of extant instructions, neither the circumstances under which quotations have to be called are clearly spelt out in the proposal nor is any due & objective process followed to decide the estimated value of the work which often becomes the basis of rate reasonability later on. There appears to be a tendency among officers to exhaust their annual financial ceiling limit fixed by Rly Bd for such works. Similarly, the possibility of splitting of demand for the purpose of bringing it within the ambit of this dispensation or to a particular level cannot be completely ruled out. Many a times these aspects are also overlooked during financial **concurrence/ vetting**.

4. It is therefore advised that due care should be exercised by all concerned for **outsourcing any activity** and also regarding finalization of **works on quotation basis** not only to ensure the compliance of "Canons of Financial Propriety" & extant instructions of Rly Bd in letter & spirit but also to preclude any possibility of irregularity.

This has the approval of CVO/MCF.


(Sanjaya Tiwari)
SVO
For GM/Vigilance

Copy: Secy to GM : for the kind information of GM please.

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