

5/No. 8

**GOVERNMENT OF INDIA (BHARAT SARKAR)**  
**MINISTRY OF RAILWAYS (RAIL MANTRALAYA)**  
**(RAILWAY BOARD)**

No.2006/Tele/RCIL/4

New Delhi,  
Dated: 14.6.07

**General Manager,  
All Indian Railways.**

**Sub: Execution of works by RailTel.**

The issue of execution of OFC related works and works pertaining to telecom networking in connection with provision of UTS/PRS unification portion of other IT related works has been under examination in Board's office. In view of the fact that maintenance of OFC has to be done by RailTel as per the new Agreement signed between IR and RailTel and the need of working of UTS, PRS & FOIS and other IT related activities on Railways/OFC network, Board(ML/FC) has decided that following telecom works be given to RailTel for execution as per guidelines given below:-

- (i) Works appearing in the current year i.e. 2007-08 Pink Book as per annexure 'A' would be specifically handed over to RailTel for execution. These broadly fall in the category of OFC works, works of upgradation of railnet and telecom networking works of UTS/unification/other IT applications.
- (ii) Railways would get detailed estimates of these works sanctioned as usual.
- (iii) Once a work is allotted to RailTel, RailTel will submit cost estimate/work schedule to the Railways for acceptance. This shall include the following: -
  - (a) Cost of site survey, location survey etc.
  - (b) Cost of preparing tender documents and drawings etc. for inviting tenders. The works will be awarded to suitable qualified and experienced contractors as per standard norms of Public sector Undertakings.
  - (c) Cost of advertisement in newspapers in connection with tenders public notices etc. relating to the execution of the project. Railway may facilitate publishing at DAVP rates as the work is to be done for Railways. In this connection, instructions issued vide letter No.2006/PR/5/62 dated 30.5.07 may please be kept in view while releasing advertisement.

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- (d) Cost of all materials, labour and other necessary inputs such as shifting of utilities including cost of Test & measuring instruments and T&P to be handed over to Railways.
- (e) **Contract payment for execution of works** i.e. actual amounts paid to contractors and vendors engaged for carrying out the work. For work done by RailTel without the services of sub-contractors, actual cost of execution may be paid.
- (f) **Cost of equipment and material for the work:** This will mean final landed cost of equipment and material used by RailTel or its subcontractors and includes transportation, handling, storage, inspection and testing, Octroi, Sales Tax, royalties, other taxes etc.
- (g) **Cost of testing & inspection:** Cost for these shall be charged as per actuals. Normally for all RDSO approved material and equipments which are inspected by RDSO, inspection will be done by RDSO. In such cases, no inspection charges will be payable against Railway's sanctioned works. Other than this, testing will be got done in reputed agencies and actuals as paid will be charged.

Fees paid to local/statutory authorities including those made in connection with shifting of water supply, sewage disposal, power supply etc. on actual basis.

- (h) Cost of insurance of works in the project area.
- (i) Cost of maintenance of the completed work, including cost of materials, labour, replacement of fittings, service tax, etc. This is however subject to the condition that the expenditure required for maintenance is actually incurred by RailTel. No maintenance cost shall be payable, if the work is executed by the sub contractor and if contractual conditions enjoin upon the sub contractor to maintain these assets without any extra liability to RailTel.
- (j) Railway should provide space to RCIL for keeping material needed for work. No ground rent shall be charged for the same by Railway and therefore no addition on this account will be made in the cost estimate.
- (k) Since works to be done are primarily Railway works, provision of electricity, facility of RPF protection and other facilities which are normally available for execution of a Railway work may also be extended to RCIL for execution of such works. No extra on this account will, therefore, be included in the cost estimate by RCIL
- (l) Any other cost required to be incurred for smooth construction and successful completion of the project and as jointly decided to be agreed upon by Railways and RailTel.

It is also to be ensured that element of cost to be covered as above in any case would be as per extant rules for framing of estimates.

(iv). Establishment charges, Project management and other charges:

Cost estimate will include 13% (establishment charges, procurement charges and project management charges) over and above the cost mentioned in Para (iii) excluding Octroi, Sales Tax, royalties, other taxes etc. which are of statutory nature. Additional 2% will also be paid over and above this for difficult areas such as J&K, NE region, Bihar/Jharkhand areas. No management fee or profit element would be permissible over and above the above mentioned D&G charges.

- (i) Cost estimate once given would generally not exceed more than 5% unless and until the scope of work undergoes any change. However, in exceptional circumstances if the cost exceeds beyond 5%, advance specific approval of Railways shall be taken for revised cost. Any savings resulting shall, however, be passed on to the Zonal Railways.
- (ii) The overall cost charged by RailTel would in any case not exceed the total detailed sanctioned cost of the estimate by Railways minus 2%. This is because Railways, in any case, will have to operate 2% D&G charges for such works to ensure over all supervision of the work.

(v). In case of any dispute between RailTel and its suppliers, sub-contractors and lessees, arbitration and legal issues will be dealt with by RailTel. The cost of arbitration, award and/expenses shall be paid as per actual by the Railways in proportion of their share of liability. The arbitration costs shall be outside the basic costs and no extra on this shall be paid to RailTel on the arbitration costs. Further RailTel shall appoint Arbitrator(s) from the approval panels of the Railways.

(vi) Mode of payments, monthly accountal of expenditure and Monitoring of progress of works:-

A stage payment of 10% of the cost estimate may also be made as soon as contract for the work is awarded by RailTel. Monthly payments shall be made by the Zonal Railways thereafter to RailTel on the basis of a statement of expenditure for the month duly vetted and certified by the Associated Finance of RailTel. RailTel would furnish a detailed quarterly internally audited Accounts indicating expenditure under the various Heads as would be required by the Zonal Railway for booking of expenditure. Review of expenditure vis-à-vis physical progress of work would be conducted quarterly by the Zonal Railway with RailTel.

(vii) War, revolution, riots, sabotages, break down in law & order, lock out, strikes, work shut downs, imposed by Government acts or Legislature or other authorities, stoppage of supply of raw materials, fuel or electricity, water supply, breakdowns of essential machinery, acts of God, epidemics, fires, earth-quakes, floods, explosions, accidents

or any other acts or events whatsoever which are beyond the reasonable control of M/s RailTel or its associate/sub/contractors and which shall directly or indirectly prevent completion of the work within the time specified of each work in the Agreement will be considered "FORCE MAJEURE" and M/s RailTel shall be granted necessary extension of Completion period to cover the delay caused by force majeure. Any extra expenditure on this account shall form a part of the direct costs.

- (viii) In case the character of M/s. RCIL changes from that of existing PSUs to that of a private company or any similar character, provision as defined in the revised Agreement dated 21.9.06 between Railways and RCIL shall apply.
- (ix) RailTel will ensure utmost austerity and economy in matter of incurring of expenditure. Specification/inspection of material to be followed shall be of IRS specifications and with RDSO inspection wherever it exists. In case of deviation, concerned CSTE's approval will be obtained.
- (x) RailTel would discuss the scope and other details of work with the CSTEs and sign an MOU with regard to the scope of work, modalities of work and any other special requirement.

This issues with the concurrence of the Finance Directorate of Ministry of Railways.

Please acknowledge receipt.



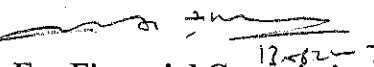
(Sanjay Dungarakoti)  
Director (Telecom)

DA: as above

No. 2006/Tele/RCIL/4

Dated 14.6.07

- 1. FA&CAO/Const., All Indian Railways.
- 2. Dy. Comptroller & Auditor General of India(Railways), Room No.224, Rail Bhavan, New Delhi (with 45 spares)



For Financial Commissioner/Railways

Copy to:

- 1. CSTE/All Indian Railways.
- 2. MD/RailTel.
- 3. F(X)II & Budget Branches of Railway Board.

Handwritten notes:   
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