



KONKAN RAILWAY CORPORATION LIMITED

MATERIALS MANAGEMENT DEPARTMENT

1.0 Salient Features

1.1 The Materials Management Department (MMD) involves in managing the complete Supply Chain to provide full material support in the Operations, maintenance, and also to the Project activities undertaken by the Corporation. The Controller of Stores, is heading the MMD, and is reporting to MD/KRCL through Director (Way & Works).

The MMD (Materials Management Department) consistently strives to meet/exceed customer satisfaction by effecting timely, cost effective supplies through efficient supply chain management. The Quality objective is to maximize customer expectations, & work to achieve 100% on time delivery. MMD has been certified for ISO 9001-2008.

1.2 In KRCL, the MMD (Materials Management Department) arranges purchase of all items including track items but excluding medicines required by Medical dept. The rolling stock in KRCL is not owned. As such, all-major schedules are undertaken/carried out by the owning railway, with only secondary maintenance is carried out by KRCL at Verna near Madgaon. There is also no component manufacturing activity for maintenance spares and with relatively new assets, the quantities indented are generally small, except in case of large-scale replacements. Thus requirements of materials is generally much less as compared to other Railways. The normal mode of dispatch in KRCL is through courier service, as such the tender enquiries are sent by courier.

2.0 Stocking of Items: In Konkan Railway the items are presently not stocked. The entire materials support for the maintenance activities is through Non Stock Items, which are to be procured and supplied at short notice. The user departments are not having separate sub stores. Hence a portion of the supplies received under non-stock indents are kept in the depots, as charged off, stores and are drawn from depot as and when required by user dept. .

3.0 Procurement Activities

3.1 Procurement of Materials: The Purchases are centralized in the Corporate Office at Belapur, Navi Mumbai, while local purchases as well as purchases of urgent nature are organized at the Regional Depot organizations at Ratnagiri, and Madgaon by Depot officers. Bulk of the procurement is made from the approved vendors, short-listed by nodal agencies like RDSO (Research, Design & Standard Organization), ICF (Integral Coach Factory), and DLW (Diesel Locomotive Works) etc. For other items, approved vendors of KRCL are taken. If they are not adequate, and in case of new items, the approved vendors from



KONKAN RAILWAY CORPORATION LIMITED

adjoining railways, likely suppliers from other sources are taken. The procurement is generally made from the manufacturers, and where ever they do not deal directly, then through their nominated dealers. Wherever ISI certified products are available, these are procured; otherwise, branded items are procured. These facilitate supply of materials to the required quality/specifications.

3.2 The Procurement action: This is initiated on receipt of clear indents from the user departments. The SI module which is part of an integrated system – Railway Application Package (RAP) developed by M/s Tata InfoTech Limited on Informix database, covering all departments, users, & supports the entire purchase activity, including receipt and accountal of materials in depots. The SI Module is having the required interface with the other modules, with main interface with finance/Personnel Module (PM). The entire activity is monitored till the payment is made to the vendors.

3.3 Mode of Tendering: The procurement is made by issuing Limited tenders to only approved sources of supply as indicated in Para 3.1 above. Notice for Invitation of Tenders (NIT) along with downloadable tenders with value of ₹. 10 lakh and above duly mentioning eligibility criteria are displayed on KRCL website (www.konkanrailway.com), so as to give adequate publicity. All tender enquiries irrespective of value are sent by courier service for quick delivery. In urgency, the tender enquiries in addition, are also sent by fax/e-mail and firms contacted over phone. The tenders above ₹.10.00 lakhs are decided through Tender Committee.

3.4 Participation in tenders: Vendors who desires to participate in tenders has to fulfill the eligibility criteria as mentioned in the tender. Supply of material is governed by IRS conditions of contract (KR), special conditions of contracts if any & other contract laws which are to be read before quoting. Further if they are not in the approved list are advised to get themselves registered with the agencies as per procedure explained separately under Registration.

3.5 Volume of Purchases:

- The value of purchases in 2010-2011 was ₹.150.82 cr. including HSD oil of valuing ₹.117.59 cr.
- The value of purchases in 2011-2012 is ₹.175.96 cr. including HSD oil of valuing ₹.146.45 cr. The value includes Project Purchases also.

4.0 Cost Effective Service:

4.1 Cost of Materials: The rates received are competitive as the purchase cycle is short, tenders are settled in short period, delivery of items is generally short, accountal of materials is prompt, and also the fast processing of payments. The procurement costs are low due to small complement of staff working in



KONKAN RAILWAY CORPORATION LIMITED

computerized environment.

4.2 Concessions in Sales Tax: The dept does not make any purchases from firms who are not registered with Sales Tax Department. KRCL is registered with the Sales Tax Authorities in the States namely: Maharashtra, Karnataka, Goa, J&K, Assam, West Bengal and Bihar. KRCL has also obtained the sanction for levy of Concessional Sales Tax (CST) from the Govt. of Maharashtra. VAT has been implemented in the State of Maharashtra w.e.f 1st of April 2005. VAT is applicable for purchases made from Maharashtra based sources with delivery in Maharashtra. KRCL continues to avail the concessional central sales tax by issuing "form of Certificate" for purchases made from the firms located in Maharashtra for delivery outside Maharashtra and form 'C' for purchases made from sources located outside the state of Maharashtra.

4.2.1 Materials procured by KRCL for the J&K Project are exempted from the levy of entry tax; in view of Order from the Commissioner of Sales Tax Jammu vide order 02-03/CST/E-Tax dtd 17th April 2004.

4.3 Octori Exemption Certificate: The Octori exemption certificate is issued wherever required.

5.0 Printing Activities:

5.1 On this Railway, the printing of books & forms, registers etc. including supply of computer tickets both PRS and un-reserved, interest warrants is outsourced. Items with money value are got printed from firms having RBI clearance/from Indian Bank Association so that security concerns are adequately addressed.

5.2 Items like Passes, PTO's, EFT's and other money value books having security concerns are got printed from the adjoining Rlys printing presses. For items requiring printing on watermark paper, the same is arranged accordingly, and if required, the paper is procured from approved sources and supplied.

6.0 Supply of Stationery Items

6.1 The indenting process and consolidation of requirements: The stationery requirement is consolidated for Corporate office, the Regional Offices and the Stations.

6.2 Procurement, Supply and Distribution: The combined procurement action is taken on quarterly/half yearly basis and the supply is arranged within a month and supplied in the first week of the every quarter. The requirement of the regions and the stations are sent to the depots. Rate Contracts are entered into



KONKAN RAILWAY CORPORATION LIMITED

for supply of most of the items to reduce the procurement time. The station requirements for all the stations are distributed through the Station Traffic Managers (STM's) of both the Regions.

7.0 Supply of Uniforms & Protective Wear –

7.1 The criteria for uniform are need based and it should also project the image & identity of the organization. They should also be comfortable for the weather condition and convenient for the staffs to perform the duties. To achieve this, uniform to eligible staffs to the required scale and style are supplied duly stitched to size, neatly packed and labeled out of good quality terry cot cloth of reputed brand, both for suiting and shirting. Branded good quality shoes and protective wear for monsoon is also supplied. This has reduced the complaints from staffs and improved the work and / image of the organization.

8.0 Spares for Track Machines / Rail Maintenance Vehicles (RMVs)

Annual Rate Contract for spares of machines with prescribed monetary limit are concluded with OEM's or their authorized agents every year. Vetting of indents for these spares has been dispersed and withdrawal orders are released straightway as and when indents are placed. This has drastically cut down the ordering time and also downtime for maintenance due to faster availability of spares.

9.0 Stock Verification of Items:

9.1 The stock verification of all the items kept in the depots (as charged off stores) is carried out once in a year by the Accounts & Stores Staff. This is also as per Company's Act. Stock sheets are replied and closed in 3-6 months time.

10.0 Scrap Sales

10.1 The arising is less as the assets are new, bulk of the rolling stock is on hire, all major schedules undertaken /carried out by the owning railway and absence of component manufacturing activity. The disposal is generally of old construction surplus assets including machinery, vehicles, and the returned items from some of the projects undertaken by the Corporation and condemned items during maintenance etc. As the generation of scarp on KRCL is very less as compared to scrap generation on other railways, the sale is arranged by Tender Sale through limited tenders. All the Tenders valuing above ₹. 1.00 lakh with eligibility criteria are displayed on the KRCL web site (www.konkanrailway.com), so as to give wide publicity. All tender enquiries irrespective of value are sent to



KONKAN RAILWAY CORPORATION LIMITED

approved vendors as well as likely buyers by courier service for quick delivery. Sale tender above ₹ 1.00 lakh is decided through tender committee.

10.2 Value of Sale Disposal:

The sale disposal during the year 2010-11 was approx. ₹ 1.78 cr. and during the year 2011-12 is ₹.2.4 cr.

10.3 Participation in Sale Tender – Buyers who desire to participate in sale tender has to fulfill the eligibility criteria as mentioned in the tender. Sale of materials is governed by sale terms & conditions of contract which are to be read before quoting. Further if they are not on the approved list are advised to get themselves registered with KRCL as per procedures explained separately under registration of vendor for sale.

----- X -----