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 CMD/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.

1.2 In KRCL, the MMD (Materials Management Department) arranges purchase of all items including track and medical items 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 are generally much less as compared to other Railways. The normal mode of tendering in KRCL is through E-tender in IREPS.

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 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 without any preference. These facilitate supply of materials to the required quality/specifications.

3.2 Procurement from Government e-Marketplace

Process of purchase through Government e-Market [GeM] has been successfully started by MMD w.e.f. October 2017. KRCL was one of the foremost leading PSU to implement the same.

The details of procurement made by KRCL through GeM are as under:

Year	No of Orders on GeM	Overall Value of Procurement	Total Procurement made from GeM (Rs In Cr)	Percentage of Procurement made from GeM (%)
2017-18	44	102.47	0.75	0.73
2018-19	83	81.08	1.58	1.95
2019-20	142	57.84	1.43	2.47
2020-21	260	46.00	6.44	14.00
2021-22	496	43.30	27.36	63.19
2022-23	573	120.40	70.09	58.21
2023-24 (Upto Jan. 24)	589	115.68	49.88	43.11

3.3 Purchase from Micro & Small Enterprises – (subject to fulfilling the quality / specification)

As per MSME Act applicable in Railways from July 2012 KRCL has to procure minimum 25% of the tender quantity from Micro & Small Enterprises provided quoting their price is within the band of L1 + 15% and agreed to bring down the price to L1 price of other than MSE. Out of 25%, a sub target of 4% is earmarked from MSE owned by SC/ST Entrepreneurs and Women Entrepreneurs. The payment of all MSEs firms is ensured within 45 days.

The details of procurement made by KRCL and Supply Orders awarded to MSEs and Participation by SC / ST Entrepreneurs are as under:

SN	Details	Laid down target as per policy	2021-22 (in Cr.)	2022-23 (in Cr.)	2023-24 (in Cr.) Upto Jan. 24
1	Overall Value of Procurement	--	**43.30 (*)**	**120.40(*)**	**115.68** (*)
2	Total Value of Procurement from MSEs Vendors	--	35.81	78.58	70.09
3	Percentage of Procurement made from MSEs Vendors out of total procurement	25%	82.70%	**65.27%**	**60.59%**
4	Total Value of Procurement made from SC/ST owned MSEs	--	0.69	1.35	0.15
5	Percentage of Procurement made from SC/ST owned MSEs	4%	1.94%	**1.12%**	**0.13%**
6	Procurement made from MSEs owned by Women Entrepreneurs	--	0.98	2.14	5.88
7	Percentage of Procurement made from MSEs owned by Women Entrepreneurs	3%	2.73%	**1.78%**	**5.09%**

(*) Overall Procurement excluding Oils, Diesel and Rails and Transportation and including total GeM procurement of Rs.49.88 cr. includes Sixty-Nine Service Contracts on GeM valuing Rs.20.78 Cr.

3.4 **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.

3.5 **Mode of Tendering:** The procurement is made by issuing mainly by Limited tenders to only approved sources of supply wherever available as indicated in Para 3.1 above. Notice for Invitation of Tenders (NIT) along with downloadable tenders with value of Rs. 10 lakh and above duly mentioning eligibility criteria are displayed on IREPS, so as to give adequate publicity. Similarly, all tenders published through IREPS is automatically also published in CPP (http://eprocure.gov.in/cppp) by the system.

The tenders above Rs.10.00 lakhs are decided through Tender Committee.

3.6 **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.

3.7 **Volume of Purchases:**

Details	2020-21 (in Cr.)	2021-22 (in Cr.)	2022-23 (in Cr.)	2023-24 (in Cr.) (Upto Jan. 24)
Total Value of purchase	46.00(*)	43.38(*)	120.40(*)	115.68 (*)
Total value of HSD Oil	175.96	404.36	437.03	104.72
Total purchase including HSD Oil	221.96	447.74	557.43	220.40

(*) Overall Procurement excluding Oils, Diesel and Rails.

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 computerized environment. Total staff strength of CBD Belapur staff is 6 officers and 13 staff (including 3 staff on contract basis) as on 31.03.2022.

4.2 GST: KRCL is following all procurement as per GST provision w.e.f. 01.07.2017.

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 are 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 till now from the adjoining Railways printing press. Since Railways are also closing down printing press alternative arrangement will be made after consulting adjacent Railways. 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 for supply of most of the items to reduce the procurement time. The station requirements for all the stations are distributed through the Regional Traffic Managers (RTM'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 Stock Verification of Items:

8.1 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.

9.0 Scrap Sales

9.1 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. Though the generation of scarp on KRCL is very less as compared to scrap generation on other railways, the sale is arranged by E-auction as in line with other Zonal Railways.

9.2 Value of Sale Disposal:

Details	2020-21 (in Cr.)	2021-22 (in Cr.)	2022-23 (in Cr.)	2023-24 (in Cr.) (Upto Jan. 24)
Total scrap disposal through E-auction	10.56	21.72	26.02	19.67
Money Realized	11.06	19.14	24.40	13.87

9.3 Participation in Sale Tender – Buyers who desire to participate in sale tender have 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.

Controller of Stores
Konkan Railway Corporation Limited

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