



'CONFIDENTIAL'

दक्षिण मध्य रेलवे SOUTH CENTRAL RAILWAY
प्रमुख वित्तीय सलाहकार का कार्यालय
PRINCIPAL FINANCIAL ADVISER'S OFFICE
रेल निलयम RAIL NILAYAM, सिकंदराबाद SECUNDERABAD

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No. FA/CON/VIG.INSTR.

Date: 06.04.2026

**PFA/C, FA&CAO/T&CM,
FA&CAO/S&W, FA&CAO/G,
Sr.DFMs/SC, HYB, BZA, GTL, GNT & NED
Dy.FA&CAO/WS/LGD, WAO/RYPs, AWAo/CRS/TPTY,
Sr.AFA/C/BZA, Sr.AFA/C/TPTY**

Sub: System Improvement in handling and custody of Bank Guarantee submitted towards EMD/Bid Security - reg.

During a preventive check conducted by Vigilance, certain irregularities which are of serious in nature were observed which are enumerated below:

- i. Bank Guarantee submitted by the agency/firm towards Bid Security was neither forwarded by the Executive to the Accounts Department along with the draft agreement at the time of vetting nor did the Accounts Department raise any query in this regard.
- ii. The draft agreement was vetted without ensuring submission of the Bank Guarantee for safe custody and payments were also subsequently arranged for the contractor's bills.
- iii. After execution of the Contract Agreement, the Bank Guarantee was released to the agency/firm by the Executive. In effect, the bills were passed without ensuring availability of the requisite Security Deposit.

To address and prevent recurrence of such irregularities, the following system improvement is advised:

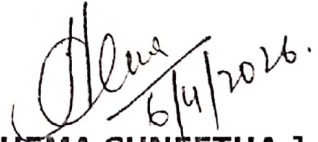
1. At the time of vetting the Draft Agreement, invariably verify, with reference to the Tender Committee Proceedings (TCP), whether the bidder has remitted the prescribed Bid Security or submitted a Bank Guarantee.
2. In cases where a Bank Guarantee has been furnished towards Bid Security, it shall be sought, examined and verified strictly in accordance with the instructions contained in Railway Board's RBA nos.52/2005 and 61/2005, as amended from time to time.

(P.T.O.)

3. After due verification, the BG should be forwarded under proper acknowledgement to the designated custodian section responsible for its safe custody, entry of its details in the BG module of IPAS and monitoring its validity, in accordance with the procedure in vogue.
4. While arranging payments, the Bills Section shall ensure that the BG submitted towards Bid Security is valid, enforceable, and that the requisite Security Deposit is available as per the contract conditions.
5. In cases where validity of the BG is nearing expiry or has expired, timely action shall be initiated in accordance with the relevant Railway Board instructions or any latest guidelines issued.
6. Release of the BG shall be affected strictly in accordance with extant instructions governing release of Security Deposit, as the BG submitted towards Bid Security forms a part of the same.

The aforesaid system improvement needs to be circulated to all the dealing staff and officers as well as all concerned Executives for scrupulous compliance.

Further, it is advised that a review of all the on-hand agreements wherein a BG has been furnished towards Bid Security be undertaken to ensure submission of valid BG, its safe custody and validity and submit a compliance Report to the undersigned by 01.05.2026 positively.


[T. HEMA SUNEETHA]
PFA/SCR

✓ Copy to: Dy.CVO/A&Med - for information w.r.t. letter no.G.265/V/PC/A/2026/02/01006 dated 31.03.2026.

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प्रमुख वित्तीय सलाहकार का कार्यालय
PRINCIPAL FINANCIAL ADVISER'S OFFICE
रेल निलयम RAIL NILAYAM, मिकंदराबाद SECUNDERABAD

No. FA/CON/VIG.INSTR.

Date: 08.04.2026

PCE/SCR

Sub: System Improvement in handling and custody of Bank Guarantee submitted towards EMD/Bid Security - reg.

Ref: Dy.CVO/A&Med's letter no. G.265/V/PC/A/2026/02/ 01006 dated 31.03.2026.

During a preventive check conducted by Vigilance, certain irregularities which are of serious in nature were observed which are enumerated below:

- i. Bank Guarantee submitted by the agency/firm towards Bid Security was neither forwarded by the Executive to the Accounts Department along with the draft agreement at the time of vetting nor did the Accounts Department raise any query in this regard.
- ii. The draft agreement was vetted without ensuring submission of the Bank Guarantee for safe custody and payments were also subsequently arranged for the contractor's bills.
- iii. After execution of the Contract Agreement, the Bank Guarantee was released to the agency/firm by the Executive. In effect, the bills were passed without ensuring availability of the requisite Security Deposit.

In view of the above, there is a need to incorporate a EMD/Bid Security module in IRWCMS for entering the details of Bank Guarantees on the lines of the existing provision for BGs submitted towards Performance Guarantee (PG), so as to provide a system-based validation mechanism to ensure that the BG remains valid, live, and in existence at all relevant stages.

Necessary action in this regard needs to be initiated by taking it up with CRIS at the earliest. Feedback in this regard would enable this office take it up with CRIS as well.

[T. HEMA SUNEETHA]
PFA/SCR

Copy to : GM/CRIS - for information and necessary action please.

Dy.CVO/A&Med - for information please.

PFA/SCR