Policy letter No.RB/CE/15/2003

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No.94/CE.I/CT/4 (Pt.II) New Delhi, dated 19..11.2003

All General Managers & Others
(As per list attached)

Sub: Role of Tender Committee (T.C.) in finalizing the Works Tenders /Contracts.

Ref: (i) Board's letter No.52/W/229 dated 9.5.1952

(ii) Board's letter No.87/W.1/CT/56 dated 16.5.88

(iii) Board's letter No.94/CE.I/CT/4 dated 17.10.2002.

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During the regular works review meeting with the railways, an impression has been gathered that having prescribed the **"Minimum Eligibility criteria"** by the Board vide their letter at (iii) above, Tender Committee need not examine the financial capacity & capability to undertake the proposed work. This is leading to a situation where works are getting awarded to a firm/agency who has already got number of works in hand and the new work may be beyond its capacity to undertake further work(s).

The matter has been examined in the Board's office and it is clarified that it is one of the important role of T.C. to examine the financial capacity & capability of a intending tenderer vis-à-vis the workload in his hand in order to ensure that he/she can undertake and execute the new work if assigned to him/her successfully. In this regard, attention is invited to **Para 1215** of Engineering Code (Reprint-1999) which stipulates **"no work or supply should ordinarily be entrusted for execution to a contractor whose capability and financial status has not been investigated and found satisfactory....."**

Similary, **para 617** of Indian Railway Finance Code, Volume-I (Reprint-1998) provides that **"in the case of open tenders, if the lowest tenderer is not on the approved list of contractors kept by the Railways, but his tender is otherwise satisfactory, he should be asked to produce evidence of his capacity to carry out the proposed work for supply efficiently and of a sound financial capacity. If he is unable to produce this evidence, and it is proposed to pass over his tender and consider the next higher one, the fact of the lowest tenderer having failed to produce necessary evidence of his capacity and sound financial position should invariably placed on record."**

Therefore, it is amply clear from the above codal provisions that T.C. should examine the financial capacity, capability and past performance of an intending bidder before awarding him/her the work.

These instructions were also circulated to Railway by Board letter nos. referred to at (i) & (ii) .

It is, therefore, once again reiterated that the financial capacity, capability and past performance of the tenderer/contractor should be investigated/examined in detail by the Tender Committee before recommending him/her for awarding a contract duly considering the existing work load with the tenderer(s).

This issues with the concurrence of Vigilance & Finance Directorates of the Board.

Letter may please be acknowledged.

(PARMOD KUMAR)
Exec.Director, Civil Engg. (G)
Railway Board.