GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No.94/CE.I/CT/4 New Delhi, dated 17 .9.97

Addressed to:

As per list attached.

Sub: Procedure for inviting tenders and awarding works contracts.

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Central Vigilance Commission have pointed out common defects in execution of works by the Railways. They have given a list of such defects which are commonly prevalent in execution of works on the Railways. Accordingly, a Committee of 4 SAG Officers have gone through in detail and submitted its recommendations which have been considered by Board. A copy of the recommendations is enclosed for necessary action.

(V.K. Bahmani)
Executive Director, Civil Engg.(G)
Railway Board.

Instructions regarding procedure for inviting tenders and awarding of Works Contracts.

i) CALLING OF LIMITED TENDERS:

Open tenders are to be the established practice. However, limited tenders, as per Para 1214(ii) can also be invited from the approved list of contractors subject to the ceiling and other conditions prescribed therein.

Further in terms of Para 1214(i), special limited tenders may be invited under certain conditions with the prior concurrence of the FA&CAO and approval of GM. The reasons for inviting special limited tenders should be kept on record while approaching Finance for concurrence. While the firms to be so approached need not be confined to the contractors borne on the approved list, they should all the same fulfil the criteria laid down by Board from time to time for being borne on the approved list for the specific category of work. However, all the tenderers on the approved list for that category should invariably be included in the special limited tender; where it is proposed to exclude any contractor, detailed reasons for the same should be recorded while approaching Finance for concurrence. The limit of calling of limited tender is increased to Rs.40 lakhs instead of*

2)) CALLING OF SINGLE TENDERS:

Single Tender should be invited in rare or emergent situation with the concurrence of FA&CAO and administrative approval of General Manager/CAO(Con). The procedure laid down in Railway Board's letters No.93/W2/PQR/SC/4 Part dated 27.9.96/should be strictly followed. In case of single tenders, Tender Committee and the accepting authority should be one step higher than in case of open tenders/limited tenders excepting where GM is the accepting authority.

/& No.97/CE.I/CT/32
dt. 27.8.97

3)) PROCESSING OF TENDERS:

Processing of offers received in a tender should be dealt promptly at every stage. As far as possible, it should be finalised by competent authority well before expiry of the validity. Whenever delays take place, it should be suitably explained by Tender Committee in the minutes.

*Rs.20 lakhs as was fixed vide Board's letter No.83/W.I/14/Policy dt. 4.4.89

Contd...2/-

4) APPROVED LIST OF CONTRACTORS:

Executive orders as per Annexure-I should be strictly followed.

5) ELIGIBILITY CRITERIA FOR AWARDING WORKS:

In case of Open Tender a minimum eligibility criteria, keeping in view the nature of each work should be specified in the tender documents preferably in the Tender Notices also. "Two Packet System" should be adopted for larger value works as per Board's guidelines issued vide Board's letter No.90/CE.I/CT/27 dt.17.8.95. However, for smaller works, the Tender Committee should ascertain the credentials.

6) HOLDING OF NEGOTIATIONS:

Negotiations should be ly resorted to. However, when negotia **SUPERSEDED BY ANNX. 10-A.** enderers should be properly briefed by arious aspects for which negotiations have been called. After such briefing, the tenderers should be given some time to make their revised offer.

7) ASSESSING THE REASONABILITY OF RATES:

Assessing the reasonability of rates should be gone into detail by the Tender Committee. When making a comparison, instead of last accepted rate, the average of last accepted rates for similar type of works under similar conditions and geographical proximity should be worked out. Where only one case of accepted rates is available, analysed rates based on market survey should be derived for ascertaining the reasonability of rates.

8) INVITATION OF TENDER DETAILED

In exceptional cases where tenders have to be invited in view of extreme urgency before sanction of the detailed estimate, it should be done with the personal approval of DRM upto tender value of Rs.50 lakhs, PHOD upto Rs.1.0 crores & GM above Rs. one crore. with prior concurrence of associate Finance. However, award of contract will only be after sanction of detailed estimate & specific allotment of funds.

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9) ESTIMATED COST FOR CALLING OF TENDERS:

Estimated cost should be worked out on the basis of average of a number of last accepted rates on the Division/Railway duly catering for any special features of the work, e.g., site conditions, type of work, weather conditions, completion period, law and order, availability of labour and materials etc. Enhancement of estimated rates should be based on building cost index/RBI indices for the period elapsed between the preparation of estimate and the date when last accepted rates were received.

10) RATES OF NON SCHEDULE ITEMS IN THE CONTRACTS

Wherever operation of Non-Schedule ITEMS IS INESCAPABLE, rate should be derived from the items included in the Standard SOR where new items vary marginally from standard SOR item/items, market rate should be used only to the extent of variation to work out new rate.

11) APPROVAL/SALE/CORRECTION OF TENDER DOCUMENTS:

(i) It should be ensured that the Tender documents should be approved by the competent authority before issuing the tender papers.

(ii) The Sale of tender documents should be stopped 4 hours before opening of tenders.

(iii) Corrections and over-writings in rates should be numbered and attested by the tender opening officer.

12) REVISION OF SOR AND QUOTING OF RATES:

(i) SOR should be periodically revised within 3 years. Zonal Railways should set up a Cell for doing this work with the help of computers. In case of Zonal contracts the contractors should be asked to quote percentages above/below the basic rates given in SOR for various Chapters by grouping them suitably, including the money value.

(ii) [illegible]. All Railways should update their SORs to include items with contractor's cement and steel in addition to item with Railway's cement and steel supplies free of cost. Instructions have already been issued vide Board's letter No.94/CE.I/CT/30 dated 7.7.94 permitting calling of tenders with contractor's cement and steel.

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13) CALLING OF TENDERS ON LUMPSUM BASIS:
(COMBINED, DESIGN AND CONSTRUCTION CONTRACTS)

(i) The concept of inviting combined, design and construction contracts should be avoided as far as possible. However, in unavoidable circumstances combined, design and construction contracts should only be awarded on lumpsum basis and not on item rate basis. RDSO should be appointed as proof consultants to check the design & drgs. submitted by the contractors at various stages of the work. To facilitate inerim payment to the contractors, the schedule of payment should be decided before entering into the contract Agreement. It should be ensured that the Schedule of Payment takes care that the portion of the work planned to be executed at the end is priced adequately so as to avoid the contractor abandoning the work at the later stage. In these contracts on lumpsum basis, the tenderers should be asked to indicate quantities alongwith design. It should also be mentioned in the documents that any excess in the quantities indicated by him at the time of tendering due to changes in the design at the approval stage by the Railways would not be paid extra. However, if there is a reduction in the quantities, actually executed, there would be a proportionate reduction in payment.

(ii) In the exceptional circumstances where combined design and construction contracts are to be invited, Cement & Steel should be supplied by contractors. However, in case the Railway is to supply cement/steel to the contractor, free of cost, its quantity should be fixed at the time of tendering. In the Tender Documents, the rate of recovery for variation in quantities should also be incorporated.

14 EVALUATION OF TENDERS:

Tender Committee should evaluate financial implications of conditions given by tenderers to decide the relative positions of tenderers.

15) SUBMITTING OF TENDERS BY MORE THAN ONE CONTRACTING AGENCIES UNDER THE SAME MANAGEMENT.:

In case, there are more than one contracting Agencies under the same management, there seems to be no harm in their tendering. Moreover, Railway cannot discard such tenderers. However, when such offers are evaluated, norms of adequate and fair competition must be ensured.

Contd....5/-

16) INCOME TAX CLEARANCE CERTIFICATE:

Income Tax clearance certificates should be insisted upon from the successful tenderer before making any payment.

17) TENDER DOCUMENTS:

(i) Board's instructions issued vide letter No.93/CE.I/CT/11 dated 04.05.93 should be strictly followed.

(ii) Reference to complete specifications/drawings should be mentioned in the tender documents.

(iii) Wherever a mention is made in the tender documents for supply of material by the Railways, specific mention of the place/office be made in the tender documents. It should not be left vague.

18) MATERIALS ISSUED TO THE CONTRACTORS:

(a) Provisions of Para 1269 of Engineering Code should be strictly followed.

(b) The recovery rate for excess material supplied by the Railways should be 1.5 times the cost of procurement which is inclusive of freight.

(c) Maximum percentage of cut-pieces which can be returned by the contractors without any deduction should be specified in the tender documents when full length bars are supplied. It should be mentioned in the tender documents that for any excess over this quantity, deduction at the rate of 50% of the cost of material worked out as per Para (b) above would be deducted.

(d) Hire charges of equipment/machinery should be specified in the tender documents itself. Such hire charges should be periodically revised.

(e) Proper record of daily consumption of cement should be maintained at site. This register should be initialled by supervisory staff and periodically test checked by the officers.

(f) Day to day consumption record of chemicals such as water proofing, anti-termite used at site should be maintained properly. Actual consumption of cement and these chemicals should be checked with theoretical requirement to ensure quality of work.

Contd....6/-

19) SITE ORDER BOOK:

It should be insisted upon the contractors to indicate the action taken on the observations/instructions given by the supervisory staff/officers in the Site Order Book.

20) TESTING OF BUILDING MATERIAL :

(i) Regular testing of building materials such as bricks, sand, aggragates, tiles, water-proofing compounds, doors and windows etc. should be done.

(ii) Day-to-day quality control, simple testing facilities must be available at large sites. It should be incorporated in the tender documents that the contractor would set up such testing facilities including their maintenance. Separate item should be provided in the tender schedule for making payment to the contractors for setting up of these facilities.

(iii) Test Cubes for the concrete should be made and tested as per IS specifications.

(iv) Concrete mix as specified in the tender documents should be followed at work site. In case of design mix, IS specifications for designing, producing, using, testing and accepting/rejecting must be followed,

(v) Cement should be used by weight only in case of design mix concrete.

(vi) In case of cement, steel, HTS, wires, besides obtaining test certificates from the contractors, regular independent tests to check the quality as per IS specifications should be done.

(vii) Railways should procure materials from IS approved firms. Independent tests should also be conducted to ensure that the materials conform to IS specifications.

Contd.....7/-

21) RECORDING OF MEASUREMENTS:

(i) Measurements must be recorded directly in the Measurement Books by authorised officials.

(ii) Prescribed checks on measurements should be carried out by senior officers and reference made in the Measurement Books as well as in relevant bills.

(iii) Payments at full rate must not be made for an item unless the item has been completed as per the specifications and accepted by the competent authority.