GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

.....

No.94/CE-I/CT/4. New Delhi, the 22-10-2001.

To,

As per list 'A' attached.

Sub: Appointment of Works Contractors – Finalisation of tenders.

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A Committee of experienced field officers of Engineering and Finance Departments, namely, Shri B.S. Sudhir Chandra, the then CAO(C), S.E. Railway, GRC, (now GM/Central Railway), Shri S.R. Ujlayan, CAO(C)/Northern Railway, Shri N. Krishnamurthi, FA&CAO, S.C. Railway, and Shri K.K. Verma, FA&CAO(T), Central Railway, was constituted by the Railway Board in June,1999 to formulate and finalise the procedures to overcome some of the problems being faced at present in the field for fixing works contracts. The Committee submitted its report to Board in July,2000 which has been examined in Board and while some of the recommendations, as given in Annexure-I (enclosed in 4 pages), have been approved by the Board (ME and FC), remaining recommendations are still under examination..

These recommendations (Annexure-I) would be applicable prospectively only and will preclude contracts which have already been entered into or have been called and are under process of finalisation.

Further action is also being taken by Board to issue necessary Correction Slips to the relevant paras of Engineering/Finance Codes so as to modify codal provisions in line with these recommendations. Pending issue to Correction Slips, these recommendations, as approved, would override the codal provisions to that extent.

This issues with the concurrence of the Finance Directorate of Railway Board.

Encl: As above (4 pages).

(Parmod Kumar)
Executive Director Civil Engineering(G)
Railway Board.

RECOMMENDATIONS OF THE COMMITTEE OF SHRI B.S. SUDHIR CHANDRA AND et al AS APPROVED BY THE RAILWAY BOARD.

OPEN TENDERS

Para No. of the Report

2.3.4.2 The following documents should be specified for submission along with the tender :

a) List of Personnel, Organisation available on hand and proposed to be engaged for the subject work.

b) List of Plant & Machinery available on hand (own) and proposed to be inducted (own and hired to be given separately) for the subject work.

LIMITED TENDERS

2.4.4.1 Limited Tender should be invited from the contractors borne on the "Approved List" only.

2.4.4.2 Notice for inviting Limited Tenders shall be published in local newspapers and displayed on the Notice Boards kept in the concerned "Railway Office" and also put on the Internet wherever possible. It will be the duty of the prospective tenderers to keep track of the tender notices issued through any one of these media.

2.4.4.5 Individual Railways may decide the "category of works" for which list of approved contractors should be maintained for each monetary slab.

APPROVED LIST OF CONTRACTORS

2.5.4.2 The Approved List will be in four monetary slabs only as below :

(i) Class "D" -- Upto Rs.10 lakhs.
(ii) Class "C" -- More than Rs.10 lakhs and upto Rs.25 lakhs.
(iii) Class "B" -- More than Rs.25 lakhs and upto Rs.50 lakhs.
(iv) Class "A" -- More than Rs.50 lakhs and upto Rs.1 crore.

2.5.4.3 The Approved List as a whole will be valid for a period of 3 years.

2.5.4.4 The list will be reviewed every year for deletion which will be effective from 1st July and additions, if any, will be done once in 6 months and which will be effective from 1st January and 1st July.

2.5.4.5 Once the contractor is borne on the Approved List, it will be valid for 3 years, unless already deleted during the Annual Review, or the expiry of the validity of the "Approved List" as a whole, whichever is earlier.

2.5.4.6 There will be separate Approved Lists for Open Line and Construction Organisations for each identified category of work.

2.5.4.7 In Open Line, Approved List for classes "B", "C", and "D" will be maintained Division-wise and for Class "A", there will be one common list for the Railway as a whole. In Construction Organisation, Approved List for classes "B", "C" and "D", will be for a particular pre-determined geographical area or Dy. C.E.(Con.)-wise and for Class "A", it will be CAO(C)/GM(C)wise.

2.5.4.8 Selection of contractors for enlistment in the Approved List should be done by a Committee to be nominated by the authority not below the Accepting Authority as given below. The composition of the Committee will be as follows :

Class of Contractors	**Select Committee Composition**	**Accepting Authority**
Class "A"	One SAG Officer each of Executive Department and Finance Department.	Executive Department PHOD
Class "B" and "C"	One JAG Officer each of Executive Department and Finance Department.	DRM in the Division/SAG Officer of the Executive Department.
Class "D"	One Senior Scale Officer each of Executive Department and Finance Department.	Sr.DEN(Coordination) in Division and Dy.CE(Construction) in Construction.

Note : Normally, in Construction, no contract below Rs.10 lakhs value should be called.

2.5.4.9 For registration in Approved List, the contractor will have to furnish a non-refundable fee of Rs.5,000/- for Class "D", Rs.7,500/- for Class "C", Rs.10,000/- for Class "B", and Rs.15,000/- for Class "A". This fee will cover the entire period of 3 years or part thereof. Contractors desirous of

registration should submit the application in the proforma prescribed by the Railway with the prescribed fee for each 'category of work' in each slab.

2.5.4.11 Contractors having Standing Earnest Money (SEM) may avail this facility in that organization only.

SPECIAL LIMITED TENDERS

2.6.4.2 Special Limited Tenders may be invited from specialized and reputed contractors/organizations/agencies.

2.6.4.4 Tenderers from whom Special Limited Tenders are to be invited should preferably be more than six but not less than four.

TWO PACKET SYSTEM OF TENDERING

2.8.5.1 "Two Packet System" of tendering may be adopted in specifically identified situations for obtaining consultancy services for highly technical works where parameters cannot be precisely pre-defined or for execution of works which are either technically complicated or specialized in nature and/or which are executed very rarely.

2.8.5.2 The "qualifying criteria" in the tender documents for selecting the tenderer should be precisely defined duly concurred by FA&CAO/FA&CAO(C) and approved by GM/CAO.

NEGOTIATIONS

3.4.1 L-1 should be defined as the lowest, valid, eligible and technically acceptable tenderer who would have been otherwise considered for award of contract directly, if the rates were not unreasonably high.

3.4.2 Negotiations should be held with L-1 only as specified above.

3.4.3 In tenders, providing for "Purchase Preference" in favour of PSUs, if the quoted rates of L-1 are considered high and negotiations are resorted to, such negotiations may be held with the original L-1 as also the lowest PSU whose original offer is not higher by more than 10% of the original L-1. Further, if after such negotiations the revised offer of the PSU is higher by more than 10% of the negotiated offer of the original L-1, offer of PSU may not be considered for award of contract. If it is less than 10%, the existing procedure for awarding the contract to the PSU may be followed.

VARIATION IN CONTRACT QUANTITIES

5.3.1 Tender schedules are to be prepared with utmost care, following all the existing provisions in the Code as also Administrative instructions without fail, after detailed site inspection and soil investigation wherever necessary, eliminating, as far as possible, the need for bringing any new items during execution of works.

5.3.2 These tender schedules may be approved by JAG/SAG Officers. Vetting of tender schedules should be necessary only in the rare urgent cases where tenders are called without sanction of detailed estimate. Pre-vetting will also not be necessary in case of zonal works and revenue works in Open-Line for which detailed estimates are not required to be framed.

5.3.3 A system of indicating rates for individual items in the schedule(s) and asking the tenderers to quote a common percentage for all items in a schedule/all schedules may be preferred wherever possible.

5.3.6 For controlling payment in case the agreemental value goes beyond +25%, a regulatory mechanism as part of the contract itself should be built in. For the first 15% increase in the value beyond 25% of the agreemental value, the rates will have a reduction of 2% in the incremental value of the agreement and for the next 10% increase in the value, rates will have an additional reduction of 2% in the further incremental value of the agreement.

5.3.7 Execution of quantities beyond (+) 50% of the overall agreemental value should not be permitted and, if found necessary, should be through fresh tenders or by negotiating fresh rates with existing contractor as per procedure laid down by Railway Board in their letter No.94/CE-I/CT/37 dated 5.5.1995 for variation beyond 25%.

5.3.9 To decide whether the agreemental value will go beyond 50%, as and when 75% of the agreemental value of contract has been executed, the contract should be subjected to a detailed review and administrative decision by an appropriate authority (agreement signing authority) should be recorded in writing and quantities monitored carefully and from this stage onwards, execution of further quantities will have to be monitored at least at the level of JAG Officers.

5.3.10 For variation in value beyond –25% of the agreemental value, the present instructions for holding discussion with the contractor may be dispensed with.