GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

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No.94/CE-I/CT/4 New Delhi, Dated 17/10/2002.

To,

As per list 'A' attached.

Sub: Report of the committee on appointment of Works Contractors- Finalization of tenders.

Ref: Board's letter of even No. dated 22/10/2001.

In continuation of above cited reference, Board (ME, FC) have further considered the remaining 23 recommendations of the committee and approved 12 of them as per details in the Annexure. The remaining recommendations are still under consideration of Board.

Recommendations (27 Nos) already approved and communicated to Railways vide Board's letter referred above have also been included in this letter for the sake of convenience and the same are shown in italics. The recommendations as approved by Board now are shown in normal font with clause number in bold. Thus, total 39 recommendations as approved by Board are sent herewith. (**Annexure-I**)

The recommendations as now approved would be applicable prospectively only as before and will preclude contracts which have already been entered into or have been called and are under process of finalization.

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 G.C.C. or any other instruction issued earlier by Board as separate circular etc. to that extent.

This issue with the concurrence of Finance. Dte of Railway Board.

P Kumar

(Parmod Kumar) 17/10/2002
Executive Director Civil Engineering (G)
Railway Board

Encl; as above (10 pages).

(Hindi version will be follow)

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

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Note: i) **Recommendations showing in *ITALIC* font, had already been approved by Board and circulated to Rlys vide their letter no.94/CE-I/CT/4 dated. 22/10/2001.**

ii) Recommendations shown in **NORMAL font** are now approved by Board.

SYSTEM OF TENDERING- OPEN TENDERS

Para No. of The report (2.3.4.1) Stipulation of minimum elegibility criteria as given in the table below for open tenders costing above Rs. 10 lakhs.

1.	Revenue / Banker's Solvency Certificate. (i) For works costing less then Rs. 1 crore. (ii) For works costing more than Rs.1 crore.	(i) Not required. 40% of Advertised Tender Value of Work.
2.	Should have completed from start to finish, in the last three financial years(i.e. current year and three previous financial years):	At least one similar single work ; for a minimum value of 35% of Advertised Tender Value of Work.
3.	Total contract amount received during the last three years as per current ITCC:	Should be a minimum of 150% of Advertised Tender Value of Work.

Note: However, the above eligibility criteria may be modified on case to case basis in respect of urgent Project/Works and specialised nature of work with concurrence of FA&CAO (Associate Finance) and personal approval of General Manager.

(2.3.4.2) The following documents should be specified for submission along with 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.*

c) list of Works completed in the last three financial years giving description of work, organization for whom executed , approximate value of contract at the time of award , date of award and date of scheduled completion of work. Date of actual start, actual completion and final value of contract should also be given.

d) List of works on hand indicating description of work, contract value, approximate value of balance work yet to be done and date of award.

Note: 1) In case of items (c) and (d) above , supportive documents/ certificates from the Organizations with whom they worked/ are working should be enclosed .

2) Certificates from private individuals for whom such works are executed / being executed should not be accepted.

LIMITED TENDERS (L.T.)

(2.4.4.1) Limited tenders 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 internet where ever possible. It will be the duty of the prospective tenderers to keep track of the tender notices issued through any of these media.

(2.4.4.4) Existing monetary ceiling for calling of Limited tenders may be raised from Rs. 40 lakhs to Rs. 1 crore

(2.4.4.5) Existing five monetary slabs for calling Limited tenders would be reduced to four as indicated below :

Sr.No.	Monetary slab for LT.	Lowest Authority who can approve calling of LT
(i)	Up to Rs. 10 lakhs.	DyCE(C)/Sr.DEN.
(ii)	More than Rs. 10 lakhs and up to Rs. 25 lakhs	SAG/DRM
(iii)	More than Rs. 25 lakhs and up to Rs. 50 lakhs.	PHOD
(iv)	More than Rs. 50 lakhs and up to Rs. 1 crore.	CAO(C)/GM

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

(2.4.4.6) Contractors approved in the higher monetary slab for a particular category of work may not be allowed to participate for works in the lower monetary slab unless they are separately registered in the lower monetary slab for a particular category of work.

APPPROVED LIST OF CONTRACTORS

(2.5.4.1) The upper monetary ceiling for Approved List of contractors will be Rs. 1 crore, same as the limit recommended for invitation of Limited Tenders.

(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. 50lakhs and upto Rs. 1 crore*

(2.5.4.3.) The Approved List as a whole will be valid for a period of three 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 six months 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 three 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 the Open Line and the Construction Organisations for each identified category of work.

(2.5.4.7) In Open line, Approved Lists 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 the Construction Organisation, Approved lists for Classes "B", "C" and "D" will be for a particular pre-determined geographical area or Dy. CE (C) –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 nominated by authority not below the Accepting Authority as given below.. The composition of the Committee will be as follows :

Class of Contractors	Selection Committee Composition	Accepting Authority
Class "A"	One SAG officer each Of Executive Department and Finance Department.	Executive Department PHOD
Classes "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(Co) in Division and Dy CE(C) in Construction.

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

(2.5.4..9) *For registration in the 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 three 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*

(2.5.4.10) The contractors borne on the Approved List only will have the facility of Standing Earnest Money. The Standing Earnest Money for the various works shall be as follows :

(i)	For works costing up to Rs. **10 lakhs – Class "D" contractors**	Rs. 15,000/-
(ii)	For works costing more than Rs.10 lakhs and up to Rs. 25. lakhs **- Class"C" contractors**	Rs.35,000/-
(iii)	For works costing more than Rs.25 lakhs and up to Rs.50 lakhs **-Class "B". contractors**	Rs.75,000/-
(iv)	For works costing above Rs.50 lakhs and up to Rs.1 crore – **Class "A". contractors**	Rs.1,50,000/-

(i) The standing earnest money of a particular monetary slab has to be separately deposited for both ,i.e. open line organisation and for Construction organisation , and with respective organisation as recommended vide para 2.5.4.11.

(ii) The standing earnest Money shall be counted as valid Earnest Money for open tenders also for works costing upto the upper limit for the class for which contractor is registered . This facility will be available to the contractor for open tenders of various branches (for example , Electrical, S&T etc) within the organisation where he is registered. This is in line with Board's letter No. 88/CE-I/CT/46. Dated 6/02/1989.(Annexure –8 of ESO No. 10)

(iii) A contractor registered with construction , however , will not have this facility for participating in open tenders with this Standing Earnest Money , for tenders invited by Open line and vice – versa as recommended in para 2.5.4.11.

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

SPECIAL LIMITED TENDERS (S.L.T.)

(2.6.4.1) Special Limited Tenders may be adopted in the following situations in consultation with FA&CAO :

(i) Works of specialised nature (to be approved by the PHOD personally)

(ii) Works of Urgent nature (to be approved by the GM personally).

(iii) Consultancy works.(To be approved by the GM personally)

(2.6.4.2) *Special limited tenders may be invited from specialised and reputed contractors/organisations/agencies.*

(2.6.4.3) A proposal detailing the circumstances and the necessity for going in for Special Limited Tenders should be initiated and got concurred by FA&CAO (in respect of Open Line) and FA&CAO (C) in respect of Construction Organization) before personal approval of the PHOD is obtained.

(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.

(2.6.4.5) Tenderers need not necessarily be borne on the Approved list.

DISPENSING CALLING OF TENDERS- CALLING OF QUATIONS

(2.7.4.1) Sub-paras (i), (vii) & (ix) of para 1211 (E) may be modified as under -

(a) Sub-para (i) :- Normally the powers to dispense with calling of tenders should be exercised sparingly. The circumstances under which quotations have to be called should be spelt out . The financial limits for calling Quotations of different grades with finance concurrence have been revised as under :-

Rank of Officer	Financial limit to dispense with tenders and accept quotations per case	Annual Ceiling
Sr. Scale holding independent charge	Rs. 50,000/-	Rs. 2,00,000/-
JAG/SG	Rs.1,00,000/-	Rs.5,00,000/-
SAG	Rs.2,00,000/-	Rs.10,00,000/-

Note: These powers will be exercised by the officers with their own administrative approval and no separate administrative approval is necessary.

(b) Sub-para (vii) :- Quotations should normally be invited from at least three well experienced contractors/agencies not necessarily borne on the approved list.

(c) Sub – para (ix) :- A register showing the full particulars of works authorised through quotations will be maintained by the officer having powers to dispense with calling of tenders. The register may also be sent to Associate Finance while seeking their concurrence.

(d) Other sub paras (ii),(iii),(iv),(v),(vi) & (viii) **- No change.**

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 o 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 defined 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.

(3.4.4) If negotiations are approved by the Tender accepting authority, the call letter for negotiations should be as per the instructions contained in Board' letter No.61/W-II/CT/24 dated 31.10.65 and all guidelines as contained in Board's letter no.73/W-II/CT/15 dated 15.03.74 and letter No. 84/W-I/CT/28(P) dated 099.07.85 with the modification that it will apply to L-1 only and not to all tenderers.

COUNTER OFFERS

(4.5.2) In cases where the overall value of L-1 is not unreasonably high but the rate(s) for certain item(s) in a schedule or the total value for a scheddule happen to be higher than those quoted by other tenderers in the same tender or higher than the last accepted rates, the method of counter offering the lower rate(s) obtained in the same tender or if all these are higher, any other rate(s) considered reasonable by Tender committee may be adopted while finalising the tender.

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 investigations, 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 the JAG/SAG officers. Vetting of tender schedule should be necessary only in the rare urgent cases where tenders are called whitout 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 to be framed.*

(5.3.3) *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 where ever possible.*

(5.3.6) *For contolling 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 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 only 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/CT-i/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 has been executed, the contract should be subjected to a detailed review and administrative decision by an appropriate authority (agreement sigining 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 discussions with the contractor will be dispensed with.*

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