

# TENDERS & CONTRACTS

## *An Overview*

*P/WMT  
IRIMEE*

# What is a contract ?

- **Agreement-** When two or more persons have a common intention communicated to each other to create some obligations between them, there is said to be an Agreement.
- "An agreement" which is enforceable by law is a "Contract"
- As per section 10 of Indian Contract Act 1872,  
only those agreements are enforceable by law which are made by the free consent of the parties , competent to contract , for a lawful consideration and with a lawful object, and are not expressly declared to be void.

Para 1201 IR Code for Engineering Dept

# What is contract Management ?

- It basically constitutes pre-tender planning, tendering, awarding the contract, managing the contract and finalization of contract as per codal provisions, Administrative procedures, rules and regulations, special instructions and implementing them judiciously with due observance of 'CANONS OF FINANCIAL PROPRIETY'

# CANONS OF FINANCIAL PROPRIETY

- The expenditure should not prima facie be more than the occasion demands, and every Railway servant should exercise the same vigilance in respect of expenditure incurred from public money, as a person of ordinary prudence would exercise in respect of the expenditure of his own.
- No authority should exercise its powers of sanctioning expenditures, to pass an order, which will directly or indirectly to its own advantage.
- Public money should not be utilized for the benefit of a particular person or a section of the community **unless** (i) the amount of the expenditure involved is insignificant **OR** (ii) The claim for the amount could be enforced in a court of law **OR** (iii) The expenditure is in pursuance of a recognised policy/custom.
- The amount of allowances such as travelling allowance, granted to meet expenditure of a particular type, should be so regulated that the allowances are not on the whole a source of profit to the recipients.

# Stages of Contract Management

- **Pre-tender planning**
- Tender invitation and finalization
- Execution stage
- Contract finalization stage

# Pre-tender Planning

- Survey
- Scope of work (details)
- Design and drawing
- Estimate Preparation and Sanction
- Likely time of completion
- Type of tender
- Preparation of Tender Schedule
- Notice Period
- Tender Offer Validity
- GCC
- Special Conditions and Special Specifications
- Eligibility criteria

# Pre-tender Planning

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# Detailed Estimates For Tenders

- Estimates should be realistic.
- Based on latest rates components
- Latest Minimum Wages (*EPF, ESI etc*)
- LAR/ LPR/ Budgetary Quotes □ *Maintain Caution*
- Machinery/ Chemical / Electricity/ Water Charges etc
- Nowadays Vigilance is also making cases on Estimates
  
- Abstract Estimate
- Detailed Estimate



# Pre-tender Planning

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# TENDERS AND THEIR TYPES

- Open tender (*with/ without Eligibility Criteria*)
- Open tender as per pre-qualification (*Two Packet System*)
- Limited tender
- Single tender

# Open Tender

- General mode for govt.
- To give equal opportunity to each bidder.
- Eligibility Criteria as per rules
- Manipulative tendering restricts competition and therefore has vigilance angle
- Model SOP 2018 Item – 5 (A) (i)

# Open tender as per pre-qualification (with two packet system)

- Two Packet System of Tendering
- Technical Bid and Financial Bid

## Stage 1

- Technical Packet opened First
- TC Deliberates on Technical criteria
- Technically successful Tenderers considered for Stage 2

## Stage 2

- Financial Packet opened
- Rates are evaluated of only successful tenderers

# Limited Tender

- Approved list
- Regular updating of approved list after careful screening of applications by the standing committee and approval by higher authority
- NIT to all contractors on this list by registered post

# Single Tender System

- Job can be done by one firm only
- Real urgency –disasters
- Too small work/supply service to justify limited or open tender

# Pre-tender Planning

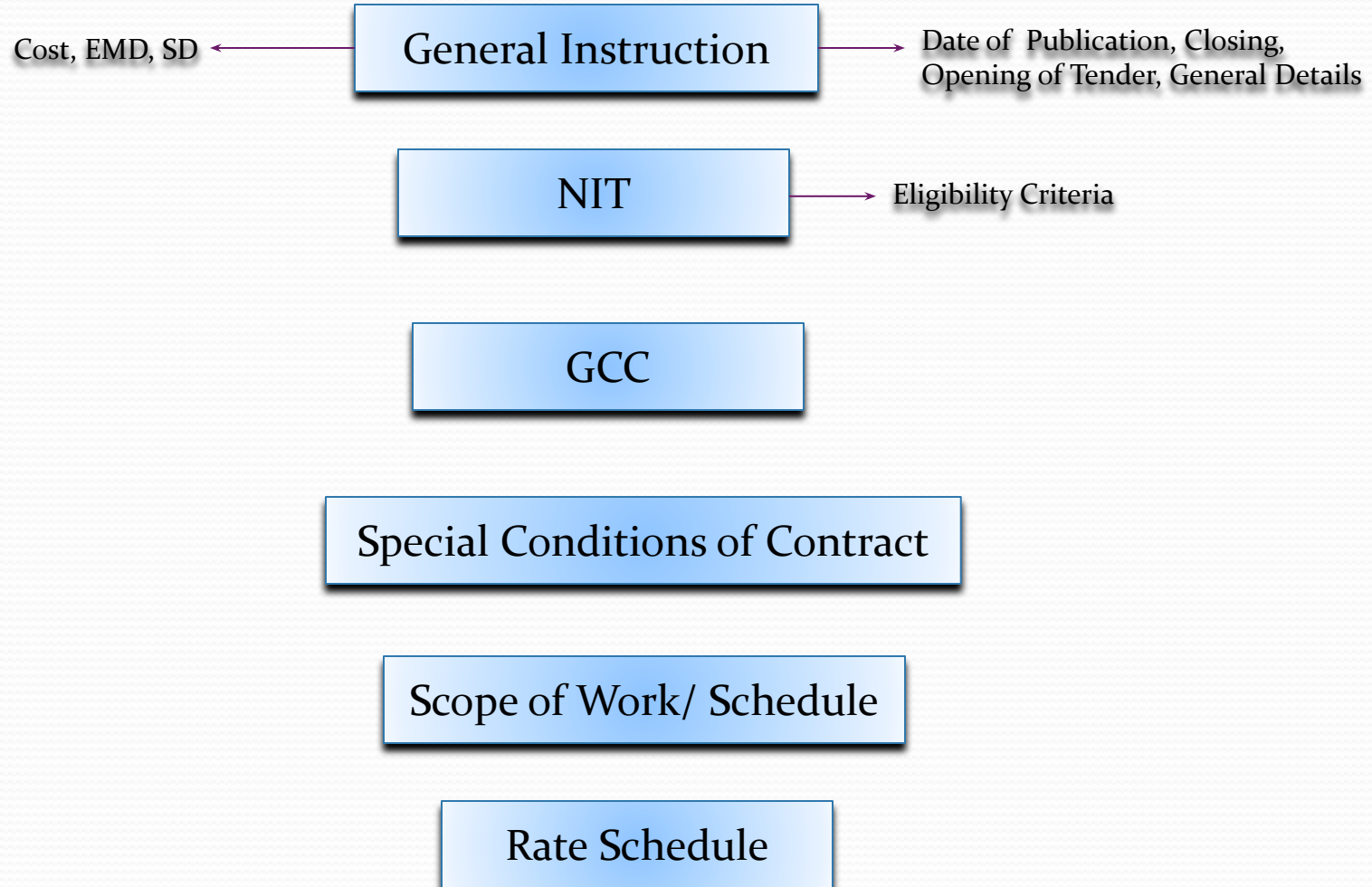
- Survey
- Scope of work (details)
- Design and drawing
- Estimate Preparation and Sanction
- Likely time of completion
- Type of tender
- **Preparation of Tender Schedule**
  - Components
  - Cost/ EMD
  - NIT/ Notice Period
  - Tender Offer Validity
  - GCC
  - Special Conditions and Special Specifications
  - Eligibility criteria

# Tender documents

- Include schedules, special conditions, drawings etc.
- Conditions should be precise but exhaustive
- Should be ready before calling of tenders
- Contractor should be able to visualize the exact nature of work , scope and difficulties etc.
- Pre-tender planning and approvals completed



# Components of a Tender Document



# Tender Document Cost

- Based on Tender Value
- Payable on ireps website
- Non- refundable

(i) For works costing upto Rs. 5 lakhs.	Rs. 1000/-
(ii) For works costing above Rs. 5 Lakhs and upto 20 lakhs.	Rs. 2000/-
(iii) For works costing above Rs. 20 Lakhs and upto 50 Lakhs.	Rs. 3000/-
(iv) For works costing above Rs. 50 Lakhs and upto Rs. 2 crores	Rs. 5000/-
(v) For works costing above Rs. 2 crores and upto Rs. 50 crores	Rs. 10000/-
(vi) For works costing above Rs. 50 crores	Rs. 25000/-

- Para [1240](#) of IR Engineering Code

# Earnest Money Deposit (EMD)

- To screen non serious firms
- Firm has to keep the offer open during the validity period
- Pre-mature withdrawal of offer leads to forfeiture of EMD

## Value of the Work Earnest Money Deposit (EMD)

For works estimated to cost up to ₹ 1 crore	2% of the estimated cost of the work
For works estimated to cost more than ₹ 1 crore	₹ 2 lakh plus ½% (half percent) of the excess of the estimated cost of work beyond ₹ 1 crore subject to a maximum of ₹ 1 crore

Note:

- (i) The earnest money shall be rounded to the nearest ₹100. This earnest money shall be applicable for all modes of tendering.
- (ii) Any firm recognized by Department of Industrial Policy and Promotion (DIPP) as 'Startups' shall be exempted from payment of earnest money deposit detailed above.

# Earnest Money Deposit (EMD)

## 6. Earnest Money:

- (a) The tender must be accompanied by a sum of ₹ \_\_\_\_\_ as Earnest Money deposited in cash through e-payment gateway or as mentioned in tender documents, failing which the tender shall not be considered. Any firm recognized by Department of Industrial Policy and Promotion (DIPP) as 'Startups' shall be exempted from payment of Earnest Money on submission of Registration Certificate issued by appropriate authority.
- (b) The Tenderer(s) shall keep the offer open for a minimum period of 45 days (in case of two packet system of tendering 60 days) from the date of opening of the Tender. It is understood that the tender documents have been issued to the Tenderer(s) and the Tenderer(s), is / are permitted to tender in consideration of the stipulation on his / their part that after submitting his / their tender subject to the period being extended further, if required by mutual agreement from time to time, he will not resile from his offer or modify the terms and conditions thereof in a manner not acceptable to the Chief Engineer/Dy. Chief Engineer/Divisional Engineer of \_\_\_\_\_ Railway. Should the tenderer fail to observe or comply with the foregoing stipulation, the amount deposited as Earnest Money for the due performance of the above stipulation, shall be forfeited to the Railway.
- (c) If his tender is accepted the earnest money mentioned in sub clause (a) above will be retained as part security for the due and faithful fulfillment of the contract in terms of Clause 16 of the Standard General Conditions of Contract. The Earnest Money of other Tenderers shall, save as herein before provided, be returned to them, but the Railway shall not be responsible for any loss or depreciation to the Earnest Money that may happen thereto-while in their possession, nor be liable to pay interest thereon.
- (d) In case Contractor submits the Term Deposit Receipt/Bank Guarantee Bond towards full Security Deposit, the Railway shall return the Earnest Money so retained to the Contractor.



# Notice for invitation of Tender (NIT)

- Brief specification/description of work
- Estimated cost of work
- Place and time for obtaining tender papers/downloading
- Cost of tender paper and mode of deposit
- Place and time submission of offers and time of opening
- Amount and form of earnest money if not exempted
- Eligibility Criteria
- Uploaded on web site of the outsourcing organization
- Address of website to be printed in NIT

# Tender Notice Publication

## Publication and Opening Dates

- 21 days between NIT in paper and Opening Date ([Model SOP Page A17](#))
- Can be reduced, but with prior approval
- Publication of NIT in Newspapers ([Rly Bd Letter dt 07.01.2019](#))
- Paper Clippings should be available
- See
  - a) Model SOP Page A 17
  - b) Engg Code Para 1238

# Tender Offer Validity

- Rly Bd Letter No 2017/ Trans/01/ Policy dt 08.02.2018  
Para 3.2 (c) and Para 4.0

c) With such a system of self-certification of credentials, tender finalization should also be speeded up. It has accordingly been decided that the tender validity period should be reduced to 45 days for single packet and 60 days for two packet system of tendering (in place of the present limits of 90 days and 120 days) for tenders having affidavit based system of credential verification.

## **4.0 Tender Invitation at short notice period**

In continuation of existing instructions, for tenders called with short notice period of 21 days, tender validity period would be 30 days and for tenders called with 14 days notice period, the tender validity would be 20 days only. This would in fact justify the urgency of work.

# Specifications and Drawings

- To be realistic and ready in advance
- Execution to be regulated accordingly
- Made available to tenderer as part of tender documents
- Frequent changes not desirable as it can lead to cost escalations as well as arbitration



# Eligibility Criteria

(GCC 2019 Part I - Annexure-I Para 10)

- Technical Eligibility Criteria  
GCC 2019 Part I – [Annexure I Para 10.1](#)
- Financial Eligibility Criteria  
GCC 2019 Part I- [Annexure I Para 10.2](#)
- Bid Capacity –Para 10.3  
GCC 2019 Part I- [Annexure VI](#)
- No Technical & Financial Criteria upto Rs 50 Lakhs- Para 10.4

# Tenderer's Credentials –

## (GCC 2019 Part-I Annexure-I Para 11)

- Documents testifying tenderer previous experience and financial status should be produced along with the tender.
- Tenderer(s) who is / are not borne on the approved list of the Contractors shall submit alongwith tender:
  - i. Contracting experience
  - ii. Contractual payments received in past
  - iii. List of personnel / organization on hand+ M&P
  - iv. A copy of notarized affidavit on a non-judicial stamp paper
  - v. The Railway reserves the right to verify all statements, information and documents
  - vi.
    - a) False, Forged or Incorrect Information during evaluation of Tender
    - b) False, Forged or Incorrect Information after award of contract

# Conditions

- General conditions of contracts (GCC) for works contracts
- Latest Version of GCC, upto Date of Opening
- Select relevant paras of GCC
- Special conditions of contracts for a particular contract important to be observed.
- Special conditions are not eligibility criteria

# Tender Floating/ Publication

- NIT/ Tender Document sent to CPRO
- NIT Published in Newspapers
- Tender Document Uploaded on Website
- Tender Opening

# Opening of Tenders

- On specified date, time and place
- By nominated officials
- No last minutes change
- Tenderers or their authorized representative are free to witness the opening but not to wait for them
- Opening of Tenders on ireps website

# Tendering Process

Tender Float

Tender Opening

~~Briefing Note Preparation~~

~~Preparation of Comparative Statement~~

~~Briefing Note/ CS Vetting by Finance with Observations~~

Presentation of Facts to the Tender Committee for evaluation

Tender Committee Meeting and Tender Accepting Authority Acceptance

Evaluation by Tender Committee

Recommendations put up to TAA

Recommendation Accepted

LOA/Agreement/ Submission of PG

Contract Execution

Qty Variation

Price Variation

New Item

# Security Deposit (SD)

- **GCC 2019 Part II Para 16 (1)**
- For the due and faithful fulfillment of the contract by the Contractor
- **5% of the Contract Value**
- SD Forms
- Refund of SD
- Forfeiture of SD



# Performance Guarantee

- **GCC 2019 Part II Para 16 (4)**
- For Guarantee in Work Quality/ Performance
- 5% of the **Contract Value**
- Forms of PG
- Submission Period- Penal Interest
- PG validity

# Performance Guarantee

- Immediate verification of its genuineness
- Monitoring the date of expiry
- Encashment or extension of validity well in time to protect financial interests of govt.
- Return of PG
- Change of PG along with Variation
- Forfeiture of PG

# Contract agreement

- Contract Agreement Signing Powers ([Model SOP 2019 Para 6](#))
  1. Finance vetting is necessary.
  2. The powers under this item are to be exercised only after the contract, purchase, lease etc. are approved by competent authority.
  3. Contract/Lease agreement to be got vetted by Law Officer where no standard agreement exists.
  4. Rider agreements to the main agreement may likewise be signed by the authorities who signed the original agreement provided the approval of the competent authority is obtained.
  
- Form for Contract Agreement for Works ([GCC 2019 Part 1 Annexure IV](#))

# Contract Execution

Execution of Work as per  
Quantity and Schedule/ Scope

Measurements in MB

On Account Bill Preparation / Passing

Final Bill Passing

Closure Agreement

# Contract execution stage

- Site order book
- Use of machine numbered M.B and level books
- Quality control registers
- Field laboratory
- Detailed programme
- Variations
- Time extension
- Non schedule items
- Prompt correspondence and proper record keeping

# Variation in Quantities

- Quantity Variation to be as per GCC (Clause 41, 42)
- Should be properly sanctioned
- Funds availability
- SD/PG recovery for excess quantity, if required
- Limit Variation upto +150% ,
- Keep an eye on quantity execution regularly, else quantity may exceed beyond limit
- The Contractor shall be bound to carry out the work at the agreed rates and shall not be entitled to any claim or any compensation whatsoever upto the limit of 25% variation in quantity of individual item of works.

- Quantities operated in excess of 125% but upto 140% of the agreement quantity of the concerned item, shall be paid at 98% of the rate awarded for that item in that particular tender;
- Quantities operated in excess of 140% but upto 150% of the agreement quantity of the concerned item shall be paid at 96% of the rate awarded for that item in that particular tender;
- Variation in quantities of individual items beyond 150% will be avoided and would be permitted only in exceptional unavoidable circumstances with concurrence of PFA& approval of GM and shall be paid at 96% of the rate awarded for that item in that particular tender.

# Price variation Clause

- Desirable in
  - Contracts having value more than 5 Crore
  - Wild fluctuations in prices of raw materials, labour and fuel etc.
  - Large value of contract
- Advantages
  - Protects interests of both the parties
  - Government when prices fall
  - Contractor when prices rise
  - Advantage to govt. when taxes and duties are reduced.



# Price variation Clause Contd..

- 46A.4** Adjustment for variation in prices of material, labour, fuel, explosives, detonators, steel, concreting, ferrous, non-ferrous, insulators, zinc and cement shall be determined in the manner prescribed.
- 46A.5** Components of various items in a contract on which variation in prices be admissible, shall be Material, Labour, Fuel, Explosives, Detonators, Steel, Cement & Lime, Concreting, Ferrous, Non-ferrous, Insulator, Zinc, Erection etc. However, for fixed components, no price variation shall be admissible.
- 46A.6** The percentages of labour component, material component, fuel component etc. in various types of Engineering Works shall be as under :

Component	Percentage	Component	Percentage
<b>(A) Earthwork Contracts :</b>			
Labour Component	50%	Other Material Components	15%
Fuel Component	20%	Fixed Component *	15%
<b>(B) Ballast and Quarry Products Contracts :</b>			
Labour Component	55%	Other Material Components	15%
Fuel Component	15%	Fixed Component *	15%
<b>(C) Tunnelling Contracts :</b>			
Labour Component	45%	Detonators Component	5%
Fuel Component	15%	Other Material Components	5%
Explosive Component	15%	Fixed Component *	15%
<b>(D) Other Works Contracts :</b>			
Labour Component	30%	Fuel Component	15%
Material Component	40%	Fixed Component *	15%

\* It shall not be considered for any price variation.

# Formula - Labour

- $L = R \times (L - L_o) L_o \times P / 100$

- Where

L = Amount of price variation in labour

R = Gross work done by contractor as per on account bill excluding cost of materials supplied to him at fixed price and payment made to consultants engaged by the contractor

$L_o$  = All India consumer price index Number for industrial workers published by RBI for the base period

L = All India consumer price index Number for industrial workers published by RBI average for the 3 months of the current quarters

P = % of labour components

# Formula – Labour Contd...

$$M = R \times (W - W_o) / W_o \times Q / 100$$

Where

M = Amount of price variation in materials

W<sub>o</sub> = index number of wholesale price – by group and sub-group for fuel, power, light and lubricants as published by RBI for the base period.

W = Above for average for 3 months of the quarter

Q = % of materials component

# Formula – Labour Contd...

$$U = R \times (F - F_o) / F_o \times Z / 100$$

Where

U= Amount of price variation in Fuel

F<sub>o</sub>= index number of wholesale price – by group and sub-group for fuel, power, light and lubricants as published by RBI for the base period.

F= Above for average for 3 months of the quarter

Z= % of Fuel component

# Price variation – other aspects

- Adjustment done once every quarter in on account payments
- If more than one on account payment each quarter adjustment in each
- No adjustment if variation is less than 5%
- Upward adjustment in the extend period only if it is on govt's account
- Downward adjustment in the extended period even if it is granted on contractors account

# Price variation- supply contract

contd...

- In case of imported items adjustment in respect of exchange rate and custom duty done subject to production of documentary evidence
- Wage escalation clause to be avoided and top be done in exceptional circumstances on the insistence of the suppliers with financial concurrence

# Price variation- supply contract contd

- Base month and date to be indicated by the contractor along with wage structure at that time per month of the permanent workers only
- Wage will consist of basic wage, dearness allowance, employer's contribution to PF, employers' contribution to state insurance scheme or any other scheme instituted by govt.
- Increment in time scale not to be included
- Number of direct workers in the base year will only be considered.

# Contract Finalisation

- Bill Passing
- Return of SD/ PG
- Closure Agreement



## Some common irregularities /malpractices in finalization of contract with vigilance angle

- Making alterations in the quotation subsequent to opening of tenders if the rates/conditions are not encircled and initiated.
- Basic price can be changed if rate is not written in both figures and words and cuttings/over writings not indicated
- Additional levies/taxes or conditions mentioned if the offer of firm being favoured is much lower than the next higher offer
- Adding clause offering discount where offer of favoured firm is higher, so as to make it lower
- Playing with technical aspects for rejecting inconvenient bids on grounds of technical unsuitability.
- Changing scope of work/certain items to enable acceptance of alternative items after repeated negotiations when the number of competitors in the field remain one or two.

# Malpractices with vigilance angle

- Delay in finalisation of tenders necessitating the extension of validity period there by discouraging the competitors to extend their validity
- Rejection of offers on account of credentials not well substantiated or conclusion drawn wrongly
- Comparison of rates with selected last accepted rate overlooking the financial impact of certain conditions proposed to be accepted
- Unequal evaluation of financial impact of conditions or overlooking the financial impact of certain conditions proposed to be accepted.

# Malpractices with vigilance angle

- Tender accepting authority directly entering into reference with tenders or entertaining post tender offers without referring back the case to tender committee with his observation for their examination
- Intentional delay in plotting /inking of cross sections and allowing the execution of works to start before final plotting and signing of initial cross-sections
- Recording inflated measurements for on-account bill involving advance payments

# Malpractices with vigilance angle

- Changing the scope of work to increase the quantities of paying items and decrease the quantities of losing items
- Improper compaction of earthwork. Fabricated figures of OMC and MDD compaction in top layers only.
- Delay in making payment for the work executed thereby harassing the contractor to extract money
- Supply of substandard materials by contractor
- Deputed departmental labour in the scope of work of the contractor in the name of progress/urgency without observing the formalities with the contractor.

# Contract execution stage

- Site order book
- Use of machine numbered M.B and level books
- Quality control registers
- Field laboratory
- Detailed programme
- Variations
- Time extension
- Non schedule items
- Prompt correspondence and proper record keeping

# Why Contracts Fails

- On Railway's account
  - Poor pre-tender planning
  - Faulty tender schedule
  - Improper tender conditions
  - Site related problems
- On Contractor's account
  - Unworkable rates
  - Subsequent changes
    - Rate changes
    - Scope changes

# Dos and Don'ts of contract management

- Allow adequate and reasonable minimum time ( as prescribed for opening of all tenders to encourage proper response except in emergencies)
- Ensure that tender abstract(comparative statement) and briefing note have been prepared and only signed by the concerned officials on each page
- Only consider offers accompanied by requisite earnest money
- Ensure consideration of reasonableness of rates in the tender committee minutes. This should not only be with reference to presumably accepted rates, but also after taking into account market rates and analysis of rates
- Treat the tender committee recommendations with dissenting notes carefully
- **Similar work in eligibility criteria should be defined before hand**

# DOs of contract management

- Record the acceptance or otherwise on the body of the tender committee minutes only
- Ensure that the reasonableness of rates is examined critically, logically and specifically, both in respect of total cost and rates of important individual items
- Ensure that the tender committee is only constituted or competent level of officers specified
- Ensure inspection and passing of materials supplied by contractors on through rated contract before these are used in work. Maintain proper records.
- Keep proper accountal and classification of released materials



# DOs of contract management

- Intensive supervision “ You can expect more , if you inspect more”
- Use of factory produced materials like use of marbonite, mosaic in place of kota stone/marbles, door and window and pavers blocks and hexagonal blocks
- Testing lab for testing bricks, sand and cubes etc in each divisional HQ or construction projects
- Testing of cement and tor steel supplied by contractors
- Design mix of concrete for M-250 and above from reputed institute /firm

# DON'Ts of contract management

- Do not change the tender committee members once constituted without proper approval of competent authority
- Do not consider delayed/late tenders except under specified exceptional circumstances
- Do not treat the tender committee's recommendations with dissenting notes from one or more members of the tender committee as a unanimous recommendation
- Do not exercise the power on the accepting authority in case you have been a member of the tender committee.
- Do not award the contract unless detailed estimate is sanctioned and LAND is available.

# DON'Ts of contract management

- Do not accept modified offers, not considered by the tender committee
- Do not allow subsequent revision of the minutes, unless the reconsidered minutes are put up in addition
- Do not record the acceptance/otherwise of the tenders anywhere else than the body of the tender committee minutes noting side of the file is to endorse action taken only.
- Do not advise the tender committee prior to their deliberations on the suitability or otherwise of any particular offer

# DON'Ts of contract management

- Do not operate non-schedule items without sanction of the competent authority. In exceptional cases where it has to be done, maintain necessary site records.
- Do not allow execution of works without proper sanctioned work order except in special circumstances and obtain sanction of appropriate authority promptly.
- Do not permit use of sub standard materials
- Do not allow contractor to first execute only those items considered more profitable by him at his discretion so that contractor's interest in completing the whole work remains

# DON'Ts of contract management

- Do not allow simultaneous collection and training out ballast from same area
- Do not allow concave tops in ballast stack. Have it rectified before measurement
- Do not depend upon visual inspection to assess oversize ballast. Use prescribed sieves and do proper sampling
- Do not allow putting of ballast into the track in case of supply of ballast is still in progress in adjacent stretches

# Dos and Don'ts of contract management (General)

- Dos
  - Keep a track of the progress of work/supply as per the schedule laid down in the contract
  - Monitor the progress in reference to milestones agreed upon
  - Get the deficiencies/shortfalls/poor quality rectified as soon as they come to notice-avoid piling up
  - Be aware of liabilities and responsibilities as per the contract and act accordingly
  - Take immediate action in the event of eventualities like poor progress , poor quality etc.

# Dos and Don'ts of contract management (General)

- Ensure that contract is alive at all times-in case the work cannot be completed in agreed time period , ensure that the contractor applies for currency extension and extend validity promptly when the contract is alive
- As far as possible stick to the agreed upon schedule and scope
- Get the variation /operation of new items approved in advance- no work should be commenced without contractor submitting his offer and request for written permission.

# Dos and Don'ts of contract management (General)

- DON'ts
  - Don'ts sleep over a communicated claim/dispute with respect to a contract
  - Don't let the validity of a contract expire at any stage – all punitive or otherwise provisions become in-effective the moment validity of the contract expires



**1256. Acceptance of tender.**--An unqualified acceptance of a tender constitutes a binding contract until a formal agreement is constituted and in order to ensure this fact the acceptance letter should be suitably worded. However, if the acceptance of the tender by the Railway is a conditional acceptance, it requires the consent of the tenderer before the binding contract takes place.

**1259. Signing of Agreements.**--For entering into any contract of the value higher than Rs.1 crore prior approval of the Railway Board should be taken. The General Managers are empowered to sign contracts on behalf of the President for approved and sanctioned works costing over Rs.1 crore each after the Board's approval has been obtained to the terms and conditions thereof and also to sign any subsidiary agreement in respect of such contracts.

No authority may enter into contract which is beyond the limits of its financial powers. Subject to any restrictions or limitations which may be imposed by the General Managers, the powers vested with the General Manager may be delegated to subordinate authorities. On behalf of the President, contract can be signed by only such authorities as have been empowered to do so vide Appendix II to the Indian Railway Code for the Stores Department.

**Note.**-- For the purpose of this paragraph girders, structural steel works, rolling stock and other like material which will involve manufacture come under the category of 'works' and not 'stores'.

**1224. Lawful consideration.**--For a contract to be legal, there must be a "Lawful consideration" for performance. Such "consideration" may take a positive form (i.e. an agreement to order a certain quantity of work or materials) or a negative form (i.e. an agreement not to order certain work or materials from any one but the contractor). The negative form of "consideration" may be advantageously employed in cases of the supply of materials of a perishable nature or which is not necessary to store, or for the requirement of which is not possible to estimate; or for where a contractor offers to carry out all works on a division at a fixed percentage below schedule of rates. (c.f. para 422 S).

Tech-Approved

Department - Mechanical  
Estimate No. MC/Mechanized Clg./PNBE/13-14  
Region-East Central Railway

EAST CENTRAL RAILWAY

ABSTRACT OF COST OF WORK (Outer Sheet)

Office - DRM/DNR

Framed by Sri H.C. Bhatt  
District-Danapur Division

Designation - CDO/RNCC  
Station or Kilometrage- PNBE

Name of Work- Mechanised coach cleaning (Exterior, Interior & Toilets) of Primary/Secondary mainetnace rakes at PNBE & dry cleaning of coaches (Interior & Toilets) at WP/PF at PNBE,RNCC&IPR and cleaning of associate area at C&W depot/PNBE

Plan No.

Ref:-

Sub head of work	Estimated Cost					Original total in case of revised estimate	Allocation 06-211-32						
	Work	Cash	Stores in stock	Stores to be purchased	Total (in Rs.)		Capital	DF	DRF	OLWR	Ordinary revenue	Deposit	Misc. Advance
Revenue	Mechanised coach cleaning (Exterior, Interior & Toilets) of Primary/Secondary mainetnace rakes at PNBE & dry cleaning of coaches (Interior & Toilets) at WP/PF at PNBE,RNCC& IPR and cleaning of associate area at C&W depot/PNBE	40261280			40261280						40261280		
Total(In words) : Rs.Four crore two lakhs sixty one thousand two hundred and eighty only													

Fund for Rs.40261280/-is to be provided from budget for 13-16 from Revenue.

Report and justification on reverse page

Specification- N.A

Drawings & annexures - N.A

No. 10279

Dated - 14-8-13

Incidence and allocation verified (subject to the check note attached)

This requires the sanction of the-

Financial Advisor & Chief Accounts Officer/  
Sr.Divisional Finance Manager

**FUND EXIST**  
for Rs. 13420427/- of 13-14  
Under 06211-32.

Signature -

Designation -

Sanction registered as

No.

Dated

General Manager/Chief Engineer/  
Divisional Railway Manager

[Back](#)



# Detailed Estimate

EAST CENTRAL RAILWAY  
MECHANICAL DEPARTMENT

Estimate No. MC/Mechanized Clg./PNBE/13-14

## Statement Showing Details of Estimated Cost.

Name of work:- Mechanised coach cleaning ( Exterior, Interior & Toilets) of Primary/Secondary mainline rakes at PNBE & dry cleaning of coaches ( Interior & Toilets) at WP/PF at PNBE, RNCC & IPR and cleaning of associate area at C&W depot/PNBE

Department:-

Mechanical

Division:-

DNR

Station:- Patna

S.N.	Description	Qty per day	Qty for 3 years	Rate (in Rs.)	Unit	Cost			Allocation 06-211-32										Remarks
						Cash	Store		Total	Cap.	DF	DRF	ORWR	Ordinary Revenue	Deposit	Misc Advance	Total		
							Purchase	Stock											
1	Mechanised coach cleaning(Exterior , Interir & Toilets) of primary/secondary maintenance rakes at PNBE	57.43	62886	186.90	per coach	11753393.40			11753393.40						11753393.40			11753393.40	Average of the Rate (in per LOA of RNCC vide No. MC/Tender/1/Open/DNR/2009-10, dt. 30.10.09 & with an escalation of 5 % per annum (at P13-15) and LOA of RGD vide No. MC/Mechanized clg. & OBHS/RGD , dt. 07.01.13 (at P16-19) ; Qty per day calculation is at P1-3
2	Dry cleaning (Interior& Toilet) of originating/Terminating train from PF/WP at PNBE & RNCC	326.00	356970	56.40	per coach	20133108.00			20133108.00						20133108.00			20133108.00	Average of the rates of LOA of DBG vide No. M/277/C&W/Clg./mechanized contract/Pt-III(2008) , dt. 21.07.09, M/277/C&W/Clg./contract/Pt-III(2008), dt. 02.02.09, M/277/C&W/Clg./contract/Mechanized/08-09, dt. 17.12.08 and with an escalation of 5 % per annum (at P10-12) ; Qty per day calculation is at P1-3
3	Dry cleaning (Interior& Toilet) of originating/terminating train from IPR	83.00	90885	56.40	per coach	5125914.00			5125914.00						5125914.00			5125914.00	

21/06/13  
कोचिंग डिपो अधिकारी  
ई. सी. रेलवे, पटना  
Coaching Depot Officer  
E. C. Rly. (Patna)

21/06/13  
सोनियर मैकेनिक इंजीनियर  
(सं. मां. डि०)  
पूर्व मध्य रेलवे, पटना जं०  
SSE/C&W/PNBE

# Detailed Estimate

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4 (a)	Cleaning of coaching complex premises i.e. Pit line 24000 sq. meter approx (including vertical surface of pit), Drain & removal of Garbage, cleaning of shrubs & regular cutting of weeds, grass, cleaning of all offices & Toilets twice daily at PNBE	1	1095	1491	per day	1632645.00	1632645.00	1632645.00	1632645.00	Rate as per LOA of RGD vide No. MC/Mechanized clg. & OBHS/RGD . dt : 07.01.13 (at P/18-21)
4 (b)	Cleaning of the associate area of PNBE of 15954 sq. meter approx. from Mithapur Bride i.e. Delhi end of PF No. 1,2,3 to 'R'Block bridge i.e. Pit No.2	1	1095	1476	per day	1616220.00	1616220.00	1616220.00	1616220.00	Manpower requirement for depot premises cleaning for 24000 sq.m was 9 to 10 as per previous contract. Hence, for 15954 sq. m area the manpower required will be 5.98 or 6 (= $9 \times 15954 / 24000$ ) and the rate is as per latest minimum wages of Chief labour commissioner . dt 18.03.13 (at P/8) which is Rs.246 for unskilled labour i.e. rate= Rs.246x6 Nos. = Rs.1476. The calculation of area of depot premises may be seen at P/5-6
Total for 3 years						40261280	40261280	402280	40261280	

६/११/१३  
 कोचिंग डिपो अधिकारी  
 ई. सी. रेलवे, पटना  
 Coaching Depot Officer  
 E. C. Rly. (Patna)

१८/१३  
 सीनियर सिलेब्रेशन इंजीनियर  
 (स. पी. डि.)  
 पूर्व प्रमुख, पटना जं.  
 SS/C&W/PNBE

# Tender Document Cost

**1240. Sale of tender forms.**-When open tender system is adopted the issue of tender forms need not be restricted to contractors, whose names are in the approved list. Contractors not on the approved list may on payment of the prescribed fees be furnished with tender forms and allowed to tender for the advertised requirements.

**1240 A. Cost of Tender Forms.** The Cost of Tender Form shall be as under :-

(i) For works costing upto Rs. 5 lakhs.	Rs. 1000/-
(ii) For works costing above Rs. 5 Lakhs and upto 20 lakhs.	Rs. 2000/-
(iii) For works costing above Rs. 20 Lakhs and upto 50 Lakhs.	Rs. 3000/-
(iv) For works costing above Rs. 50 Lakhs and upto Rs. 2 crores .	Rs. 5000/-
(v) For works costing above Rs. 2 crores and upto Rs. 50 crores.	Rs. 10000/-
(vi) For works costing above Rs. 50 crores	Rs. 25000/-

Note:

Apart from above:-

(i)	If any plan/ drawing is attached with the Tender Form, Rs.200/- per plan/ drawing will be levied extra.
(ii)	If any Tender Form is to be sent by Regd. Post, additional Postal Expenses @Rs.500/- per Tender Form will be charged.

(Authority Board's letter No. 94/CE.I/CT/53 dated 25.07.94 & 18.5.07)

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# Notice Period

10. Sufficient notice period should be given for the submission of tenders, which in the case of large works should not be less than a month. The above prescribed tender notice period may be departed from in the most exceptional circumstances only and then too in consultation with the Principal Financial Adviser. However:
- i) For tenders valued up to and including Rs. 1 Crore invited through e-tendering, the tender notice period can be reduced up to 21 days by CAO/PHOD/CHOD/DRM/CWM (in SAG) without finance concurrence and up to 14 days with the concurrence of Associate Finance
  - ii) For tenders valued above Rs. 1 Crore and up to & including Rs. 2 Crore invited through e-tendering, the tender notice period can be reduced up to 14 days by CAO/DRM/CWM (in SAG) with the concurrence of Associate Finance



# Advertisement of Tender Notices in Newspapers



भारत सरकार Government of India  
रेल मंत्रालय Ministry of Railways  
(रेलवे बोर्ड) (Railway Board)

No. 2018/CE-I/CT/8

New Delhi, dated 07.01.2019

To,

As per list attached

**Sub: - Advertisement of Works Tender Notices in Newspapers**

**Ref:** - (i) Railway Board's letter No. 2018/CE-I/CT/8, dated 09.08.2018  
(ii) Railway Board's letter No. 2014/CE-I/CT/O/10/TN, dated 01.07.2014

1. Railway Board vide ref (i) above had issued instructions regarding dispensing with the requirement of advertisement of works tenders, invited through e-procurement website (i.e. IREPS), in Newspapers.
2. On representations received from Zonal Railways the matter has been reconsidered and it has been decided by Board (ME, FC) to withdraw the letter dated 09.08.2018 referred at (i) above.
3. As such, instructions contained in letter dated 01.07.2014 referred at (ii) above, will prevail.
4. The above instructions shall be applicable for works tenders to be called now onwards.
5. This issues with the concurrence of Finance Directorate of the Ministry of Railways.
6. Please acknowledge receipt.

कमिषनर ३००८/११/१९  
(अनिल कुमार)

निदेशक सिविल इंजी.(जी)/रेलवे बोर्ड

[Phone: 030-47598(Rly) : 011-23047598(MTNL)]

No. 2018/CE-I/CT/8

New Delhi, dated 07.01.2019

Copy forwarded for information to:

1. The PFAs, All Indian Railways
2. The Deputy Comptroller & Auditor General of India (Railways), Room No. 224, Rail Bhawan, New Delhi.

रेलिंग

For Financial Commissioner/Railways

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## Technical Eligibility Criteria

(a) The tenderer must have successfully completed any of the following during last 07 (seven) years, ending last day of month previous to the one in which tender is invited:

Three similar works each costing not less than the amount equal to 30% of advertised value of the tender, or

Two similar works each costing not less than the amount equal to 40% of advertised value of the tender, or

One similar work each costing not less than the amount equal to 60% of advertised value of the tender.

(b) (i) In case of composite works (e.g. works involving more than one distinct component, such as Civil Engineering works, S&T works, Electrical works, OHE works etc. and in the case of major bridges – substructure, superstructure etc.), tenderer must have successfully completed any of the following during last 07 (seven) years, ending last day of month previous to the one in which tender is invited:

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- Three similar works each costing not less than the amount equal to 30% of advertised value of each component of tender, or
- Two similar works each costing not less than the amount equal to 40% of advertised value of each component of tender, or
- One similar work each costing not less than the amount equal to 60% of advertised value of each component of tender.
- Note: Separate completed works of minimum required values for each component shall also be considered for fulfillment of technical eligibility criteria.

# Financial Eligibility Criteria

**10.2. Financial Eligibility Criteria:** The tenderer must have received contractual payments in the previous three financial years and the current financial year upto the date of opening of tender, at least 150% of the advertised value of the tender. The tenderers shall submit Certificates to this effect which may be an attested Certificate from the concerned department / client and/or Audited Balance Sheet duly certified by the Chartered Accountant etc.

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# Bid Capacity

## TENDERER'S CREDENTIALS (BID CAPACITY)

### RAILWAY

For works costing more than ₹ 20 cr. or as prescribed by Railways through instruction/NIT issued for the work, the tenderers who meet the minimum eligibility criteria will be qualified only if their available bid capacity is equal to or more than the total bid value of the present tender. The available bid capacity shall be calculated as under:

$$\text{Available Bid Capacity} = [A \times N \times 2] - B$$

Where

A = Maximum value of construction works executed and payment received in any one financial year during the current and last three financial years immediately preceding the current financial year, upto date of opening of tender, taking into account the completed as well as works in progress.

N= Number of years prescribed for completion of work for which bids has been invited.

B = Value of existing commitments and balance amount of ongoing works with the tenderer to be completed in next 'N' years.

Note:

- (a) The Tenderer(s) shall furnish the details of existing commitments and balance amount of ongoing works with tenderer as per the prescribed proforma of Railway for statement of all works in progress and also the works which are awarded to tenderer but yet not started upto the date of opening of tender. In case of no works in hand, a 'NIL' statement should be furnished. This statement should be submitted duly verified by Chartered Accountant.
- (b) In case of JV, the tenderer(s) must furnish the details of existing commitments and balance amount of ongoing works with each member of JV as per the prescribed proforma of Railway for statement of all works in progress and also the works which are awarded to tenderer but yet not started upto the date of opening of tender. In case of no works in hand, a 'NIL' statement should be furnished. This statement should be submitted duly verified by Chartered Accountant.
- (c) Value of a completed work/work in progress/work awarded but yet not started for a Member in an earlier JV shall be reckoned only to the extent of the concerned member's share in that JV for the purpose of satisfying his/her compliance to the above mentioned technical eligibility criteria in the tender under consideration.
- (d) The arithmetic sum of individual "bid capacity" of all the members shall be taken as JV's "bid capacity".
- (e) In case, the tenderer/s failed to submit the above statement along with offer, their/his offer shall be considered as incomplete and will be rejected **summarily**.
- (f) The available bid capacity of tenderer shall be assessed based on the details submitted by the tenderer. In case, the available Bid Capacity is lesser than estimated cost of work put to tender, his offer shall not be considered even if he has been found eligible in other eligibility criteria/tender requirement.

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# GCC 2018

## Part-I Para 11

### 11. Tenderer Credentials:

Documents testifying tenderer previous experience and financial status should be produced alongwith the tender.

Tenderer(s) who is / are not borne on the approved list of the Contractors of \_\_\_\_\_ Railway shall submit alongwith his / their tender:

- (i) Certificates and testimonials regarding contracting experience for the type of job for which tender is invited with list of works carried out in the past.
- (ii) Certificates which may be an attested Certificate from the client, Audited Balance Sheet duly certified by the Chartered Accountant etc regarding contractual payments received in the past.
- (iii) The list of personnel / organization on hand and proposed to be engaged for the tendered work. Similarly list of Plant & Machinery available on hand and proposed to be inducted and hired for the tendered work.
- (iv) A copy of notarized affidavit on a non-judicial stamp paper stating that they are not liable to be disqualified and all their statements/documents submitted alongwith bid are true and factual. Standard format of the affidavit to be submitted by the bidder is enclosed as Annexure-V. Non submission of a copy of notarised affidavit by the bidder shall result in summarily rejection of his/their bid. It shall be mandatorily incumbent upon the tenderer to identify, state and submit the supporting documents duly self attested by which they/he are/is qualifying the Qualifying Criteria mentioned in the Tender Document.
- (v) The Railway reserves the right to verify all statements, information and documents submitted by the bidder in his tender offer, and the bidder shall, when so required by the Railway, make available all such information, evidence and documents as may be necessary for such verification. Any such verification or lack of such verification, by the Railway shall not relieve the bidder of its obligations or liabilities hereunder nor will it affect any rights of the Railway thereunder.
- (vi) (a) In case of any information submitted by tenderer is found to be false forged or incorrect at any time during process for evaluation of tenders, it shall lead to forfeiture of the tender Earnest Money Deposit besides banning of business for a period of upto five years.  
  
(b) In case of any information submitted by tenderer is found to be false forged or incorrect after the award of contract, the contract shall be terminated. Earnest Money Deposit (EMD), Performance Guarantee and Security Deposit available with the railway shall be forfeited. In addition, other dues of the contractor, if any, under this contract shall be forfeited and agency shall be banned for doing business for a period of upto five years.

# Dispensing of Vetting of Brief Notes

- Rly Bd Letter No 2017/Trans/01/Policy dt 08.02.2018  
Para 2.0

## **2.0 Dispense with Vetting of Brief Notes & size of TC Recommendation**

2.1 It has been decided that all system generated statements from IREPS website, post tender-opening are directly seen by the Tender Committee and vetting of the comparative statement and vetting of brief note is not required for Tender Committee proceedings.

2.2 The Tender Committee proceedings are made brief and crisp.

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# Model Sop 2018, Part A, Para 6

Signing of contract agreements including rider agreements in respect of tenders accepted by the competent authority for all types of contracts including	One stage below the Tender Accepting Authority as per the extant delegation of Powers of open tenders	One stage below the Tender Accepting Authority as per the extant delegation of Powers of open tenders	One stage below the Tender Accepting Authority as per the extant delegation of Powers of open tenders	<i>Authority:</i> 1. Para-1259 of Engg. Code & Para-410 of Stores Code Vol. I. 2. Railway Board's letter No.2007/CE-I/CT/O/20/1 dated.08.10.2015. Rly. Bd's Lr.No.2007/CE-I/CT/O/20/1 dt.19.10.2016. 3. Current delegation of Powers regarding
works/service/BOOT etc.				Open Tender Acceptance is as per Annexure-A

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# GCC 2018 Part 1- Annexure IV

## RAILWAY CONTRACT AGREEMENT OF WORKS

CONTRACT AGREEMENT NO. \_\_\_\_\_ DATED \_\_\_\_\_

ARTICLES OF AGREEMENT made this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_  
between President of India acting through the Railway Administration hereafter called the  
"Railway" of the one part and \_\_\_\_\_ herein after called the  
"Contractor" of other part.

WHEREAS the Contractor has agreed with the Railway for performance of the works  
\_\_\_\_\_ set forth in the Schedule hereto annexed upon the Standard General  
Conditions of Contract, corrected upto latest correction slips and the Specifications of  
\_\_\_\_\_ Railway corrected upto the latest correction slips and the Schedule of Rates of  
\_\_\_\_\_ Railway, corrected upto latest correction slips and the Special Conditions and  
Special Specifications, if any and in conformity with the drawings here-into annexed AND  
WHEREAS the performance of the said works is an act in which the public are interested.

NOW THIS INDENTURE WITNESSETH that in consideration to the payments to be  
made by the Railways, the Contractors will duly perform the said works in the said schedule  
set forth and shall execute the same with great promptness, care and accuracy in a workman  
like manner to the satisfaction of the Railway and will complete the same in accordance with  
the said specifications and said drawings and said conditions of contract on or before the  
\_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ and will maintain the said works for a period of  
\_\_\_\_\_ Calendar months from the certified date of their completion and will observe, fulfill  
and keep all the conditions therein mentioned (which shall be deemed and taken to be part of  
this contract, as if the same have been fully set forth herein), AND the Railway, both hereby  
agree that if the Contractor shall duly perform the said works in the manner aforesaid and  
observe and keep the said terms and conditions, the Railway will pay or cause to be paid to the  
Contractor for the said works on the final completion thereof the amount due in respect thereof  
at the rates specified in the Schedule hereto annexed.

Contractor _____ (Signature)	Railway: Designation _____
Address _____	(For President of India)
Date _____	Date _____

Signature of Witnesses (to Signature of Contractor) with address:

Witnesses:

_____	_____
_____	_____

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**Thank You**