



सत्यमेव जयते

Indian Railways

**Compendium
on
Tenders & Contracts**



May 2016

**Government of India
Ministry of Railways
New Delhi**



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FOREWORD

Indian Railways executes large number of construction and maintenance works through contracts. These contracts are handled at every level in organisation. Understanding and executing contracts requires knowledge of various rules, regulations and policy guidelines issued from time to time. Keeping track of all such information is a big task.

This Compendium compiles latest updated rules and regulations covering all aspects of tenders and contracts in a very short and lucid manner. Relevant references have been included so that details if required can be accessed.

I hope that the Compendium will help in improving and updating knowledge of field officials involved in handling contracts and make contracting fully compliant, uniform, systematic, efficient and cost effective.



(V K Gupta)

**Member Engineering
Railway Board**

**New Delhi,
May' 2016**

PREFACE

Tenders and Contracts have become a day to day necessity in Indian Railways. Officers, Supervisors and technical / clerical staff at all levels deal with tenders and contracts including preparation of documents, calling, opening and finalising tenders, preparing and signing agreements, executing the works, completing and concluding the contracts. Thus contracting is a big team effort in Railways. It is important for all these officials dealing with tenders and contracts to be aware of all rules and regulations and be updated with latest changes and developments. Till now efforts have been to compile all the letters issued from time to time on this subject for guidance. This method at times results in contradictory or obsolete information also creeping in the Compendium.

This Compendium has been brought out in a book format with reference to various policy letter and relevant para of codes mentioned wherever required. The information is updated and current till time of going for publication. All subsequent developments / changes will have to be tracked by users to keep this Compendium usable.

The Compendium contains eleven chapters reasonably dividing the subject of tenders and contracts into segments handled at various stages of tender and contracts. Various Chapters cover topics on works contracts, tenders and its type, various forms of deposits and guarantees, Tender Committee, consideration and acceptance, registration of contracts and advances, zone contracts and do's and don'ts.

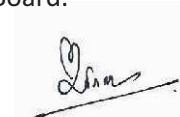
Relevant chapters cover in sufficient detail rules and procedures on the subject with references mentioning policy letters etc. for further reading if required. This Compendium is expected to be of immense help to new officials joining Railways and assigned duties for contract handling as well as working officials in terms of basic norms and procedures of tenders and contract. It will also help other department officials handling contracts in understanding of subject and build confidence in handling contracts helping them in avoiding mistakes. Effort has been made to keep the language of 'Compendium' simple for easy reading and understanding at all levels.

This 'Compendium' is for documentation, updation and guidance purposes. Provisions of the original circular/letter issued by Railway Board constitute the final authority on the subject, therefore this 'Compendium' should not be referred as an authority.

This 'Compendium' was prepared with active and laudable efforts of following officers/ faculty of IRICEN under the overall guidance of Shri S. S. Narayanan, AM/CE:-

- | | | | |
|----|------------------------|---|---|
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Suggestions for improvement may be intimated to EDCE(G), Railway Board.



Anil Kumar Dubey
EDCE(G) /Railway

New Delhi- May' 2016

COMPENDIUM OF INSTRUCTIONS FOR WORKS CONTRACTS

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CHAPTER – I

CONTRACT FOR WORKS

1. Definition of Contract :

When two or more persons have a common intention communicated to each other to create some obligation between them, there is said to be an agreement. “An agreement” which is enforceable by law is a “Contract”. According to Section-10 of the Indian Contract Act, 1972 only those agreements are enforceable by law which are made by the free consent of the parties (See Para 1256-E), competent to contract (see Para 1259-E) for a lawful consideration (Para 1224-E) and with a lawful object and are not expressly declared to be void. This is subject to any special law according to which a contract should be in writing and attested by witnesses (Para-1201/E).

2. Agency of Contractor :

The agency of contractor may, if economical or expedient, be utilized for the proper execution of works of construction, repairs or maintenance on lines under construction and on open lines. Materials which are in short supply or materials requiring test certificates for quality control like cement, steel etc. may be supplied to the contractors by the Railway, the agency of the stores or other department's of the Railway being utilized for the purpose vide paragraphs 701-S and 702-S. In exceptional or urgent circumstances, however, e.g. with a view to the expeditious execution of an urgent work, the Chief Engineer in exercise of his personal discretion, after consultation with his Financial Adviser and for reasons to be recorded, may arrange for the supply or manufacture of materials required for the work, through a contractor (Para-1202/E).

3. Works Contract :

All works and supplies relating to the Engineering department executed through the agency of contractors may be broadly classified as follows:

- (i) Zone Works - Such as works of ordinary repairs and maintenance and other of petty nature in a particular zone or area;
- (ii) Construction Works - Such as the construction of bridges, tunnels, buildings the formation of an embankment etc. other than Zone Works;
- (iii) Supplies of Building Materials - Such as bricks, tiles, lime, cement, steel, ballast, bamboos, ballies, matting, door, windows, ballast, moorum, stone chips, fire bricks, shingle, pitching stone etc. which are not usually stocked or purchased by the stores department.

Contracts relating to these three classes will, for the purpose of this code, be termed as “Works Contracts” as distinguished from “Stores Contracts” which pertain to the supply of stores arranged by the stores Department. (Para 1203/E)

4. Forms of Works Contracts:

The following forms of contract are primarily intended for application to works contracts (Para 1204-E) :

- (i) Lumpsum Contract
- (ii) Schedule Contract
- (iii) Piece work Contracts
- (iv) EPC Contracts

(i) “Lumpsum” Contracts :

The Lumpsum contract is a contract under which the contractor is engaged to carry out a work or effect supply as specified and within a given period for a fixed total sum; his receipt of this sum being dependent on his completing the work or supply to specification and time; irrespective of the actual quantities and kinds of work done or materials supplied in achieving his results (Para 1205-E).

In the case of such contracts a scale of rates or prices may be agreed upon by which enhancement or reduction from the lumpsum may be regulated in the event of any departure from the work or supply as specified being made subsequently under the order of competent authority; or by which reductions may be made, at the discretion of competent authority for failure on the contractor's part to conform to specification. (1206-E)

(ii) Schedule Contract:

The schedule contract is a contract under which the contractor is engaged to carry out a work or effect supply as specified within a given period, at fixed unit rates or prices for each of the various items comprising such work or supply, the sum he is to receive depending on the actual quantities and kinds of work done or materials supplied in completing the work or supply to specification and time. It is not repugnant to the above definition to show in such contracts the approximate amount of the contract, based on approximate quantities and the fixed unit rates (1207-E).

(iii) Piece Work Contract:

This means a contract under which only unit rates or prices for various kinds of work or materials are agreed upon, without reference either to the total

quantity of work to be done or material supplied; within a given period. The zonal contract adopted on the Railways fall under this category (1208-E).

Note: Agreeable to the above definition of a piece work contract:

- (a) The Railway may indicate its intention as to the maximum value of the orders, it is likely to place; but the contractor cannot claim to be given an order for more than one unit of work or supply;
- (b) After the contract is executed, specified orders for work or supply may be placed against it ; and
- (c) Rate of progress may not be specified; but if it is not satisfactory, the contract can be terminated.
- (d) New Works, additions and alterations to existing structures, special repair works and supply of building materials subject to the contract value of each such work not exceeding ₹2 lakh. {Authority: Railway Board letter No.2001/CE-I/CT/17 dated 22-11-01 (**Annexure-1**)}.
- (e) All ordinary repairs and maintenance works; and
- (f) Conveyance of materials e.g. bricks, lime, sand etc.

(iv) EPC Contract :

An engineering, procurement and construction (EPC) contract is the most common form of contract used to undertake construction works by the private sector on large-scale and complex infrastructure projects. Under an EPC Contract, a contractor is required to deliver a complete contract for a fixed price by a fixed date. The engineering and construction contractor will carry out the detailed engineering design of the project, procure all the equipment and materials necessary, and then construct to deliver a functioning facility or asset to their clients. Companies that deliver EPC Projects are commonly referred to as EPC Contractors.

5. Contract Documents :

Every contract shall be so framed as to place beyond all reasonable doubt all the matters upon which parties intend to agree, and the matters to be agreed upon shall include in detail, the following :

- (a) What the contractor is to do; what, where and to whose satisfaction, it is to be done.
- (b) What government is to do and on what terms.
- (c) What payment is to be made; what is to cover, to whom it is to be made and the method & basis of making it.

- (d) The responsibility of the contractor in respect of adequate supervision, care of government property and his staff and workman.
 - (e) The terms of which variations and modification, if any are to be permitted; the authority competent to order and to assess them and the occasion and basis of such assessment.
 - (f) The measures to be adopted in the event of breach of the contract by either party thereto and the method of and grounds for the determination thereof.
 - (g) The method of setting disputes should be as per the provisions given in the\ General Conditions of Contract (Clause 63 & 64).
6. The documents forming integral part of a contract are the conditions of contract, standard or special; the specification, standard or special (and any plans, as necessary); the schedule of items, quantities & rates; the Agreement form; Instructions to tenderers; and Tender form (if any) (Para 1218-E).

7. Fundamental Principles

For the guidance of authorities who have to enter into contract, or to sign the agreements are laid down in Para 402 of the Indian Railway Code for the Stores Department, which is reproduced below for ready reference:

- (i) The terms of contract must be precise and definite. There must be no room for ambiguity or misconstruction therein.
- (ii) As far as possible, legal and financial advice should be taken in the drafting of contracts before they are finally entered into.
- (iii) Standard forms of contracts should be adopted wherever possible, the terms to be subject to adequate prior scrutiny.
- (iv) The terms of contract once entered into should not materially be varied except in consultation with the competent financial authority.
- (v) No contract involving an uncertain or indefinite liability or any condition of an unusual character should be entered into without the previous consent of the competent financial authority.
- (vi) Whenever practicable and advantageous, contracts should be placed only after tenders have been openly invited and in cases where the lowest tender is not accepted, reasons should be recorded.
- (vii) In selecting the tender to be accepted, the financial status of the individuals and firms tendering must be taken into consideration in addition to all other relevant factors.
- (viii) Even in cases where a formal written contract is not made, no order for supplies, etc. should be placed without at least a written agreement to price.

- (ix) Provision must be made in contract for safe-guarding government property entrusted to a contractor.
- (x) In entering into long term agreements or contractors, consideration should be given to the desirability of providing for the Railways unconditional power to cancel the agreement at any time after the expiry of six months notice to the effect.
- (xi) The Auditor General and under his direction, other Audit authorities have power to examine contracts and to bring before the "Public Accounts Committee" any cases where competitive tenders have not been sought or where high tenders have been accepted or where other irregularities in procedure have come to light.

CHAPTER – II

CALLING OF TENDERS

1. Tender System:

It is the primary duty of the Executive to obtain the best value possible for the money spent and the tender system should be given a very careful and serious consideration in all cases as one of the most effective methods of securing competitive rates. The exception made to the general rule, that the tenders should be called for, in all cases are based only on practical consideration in order to avoid delay and unnecessary work in the cases of works of comparatively small value (Para 1210/E).

2. Circumstances When Tenders Need Not be Called for:

Except where for reasons which should be in public interest the General Manager decides that it is not practically advantageous to call for tenders, all contracts over ₹ 4 lakh in value should be placed after tenders have been called for in most open and public manner possible and with adequate notice.

- 2.1 To avoid unnecessary paper work, a proper assessment of work to be executed under the Zonal Contracts on open line and miscellaneous works contracts on construction organisation should be made. These tenders should be of viable amounts and should include works under various chapters of the standard schedule of rates. Open Line/Construction units should evaluate miscellaneous works on their system which may be required during a specified period and in a specified jurisdiction, such as loading/unloading, transportation of materials, maintenance work of construction offices/quarters and such other items which may be required to be done at standard schedule of rates of the Railway and includes these in the miscellaneous works/zonal contracts.
- 2.2 The limit of each work order under such zonal/miscellaneous contracts is ₹ 2 lakh. These powers should be made use of to the fullest extent and calling tenders for small works separately should be avoided by including all works costing upto ₹ 2 lakh in such contracts.
- 2.3 There should be one zone contract for a specified jurisdiction for the various items of a particular type.
- 2.4 It has been decided by Board vide their letter no. 2007/CE-I/CT/18/Pt., dated 05.03.2009 (**Annexure- 2**) and no. 2007/CE-I/CT/18/Pt.13, dated 06.09.2010 (**Annexure- 3**) that the power to dispense with calling of tenders and acceptance of quotations shall be exercised by Sr. Scale, JA Grade and SA Grade officers only and with Finance concurrence as per following schedule:

SL	Rank of Officers	Financial Limit (₹) to Dispense with Tenders and Accept Quotations	
		Per Case	Ceiling for Financial Year
1.	Sr. Scale (<i>Independent Charge</i>)	1 Lakh	5 Lakh
2.	J. A. Grade	2 Lakh	20 Lakh
3.	S. A. Grade / DRM	4 Lakh	40 Lakh

2.5 While accepting quotations as now empowered, the following procedure should be adopted:

- (i) Normally powers to dispense with calling of tender should be exercised sparingly. The circumstances under which quotations have to be called should be spelt out.
- (ii) The work should not be split up for the purpose of bringing it within the ambit of this dispensation.
- (iii) The reasonableness of rates should be gone into objectively and in detail by the accepting authority.
- (iv) Quotations should not be for items which can be executed through the existing contracts including Zonal Contracts.
- (v) Quotations should not be for fancy (expensive but of low utility) items.
- (vi) Quotations should only be for works which are urgent in nature.
- (vii) Quotations should normally be invited from at least 3 well experienced contractors/ agencies not necessarily borne on the approved list.
- (viii) Accepting authority must take precautions to see that the quotations are from genuine firms (and not from fictitious firms).
- (ix) A register showing full particulars of works authorized through quotations will be maintained by the officer having powers to dispense with calling of tenders. The register shall be sent to associate finance while seeking their concurrence.
- (x) These powers shall be exercised only by field officers and their controlling HODs and not by other Head quarters officers' incharge of Planning, Design etc.

3. The ordinary rule is that no work may be commenced and no liability or expenditure incurred on a work until a detailed estimate for it has been sanctioned and allotment of requisite funds made by the competent authority (Para 1102-E).

4. Pre-requisite of Tenders

4.1 Before calling tenders, the following conditions should be fulfilled in terms of Railway Board's letter no. 80/W2/3/33, dated 28/29.08.1980 (**Annexure-4**) and Board's letter no. 85/W1/CT/9, dated 22.02.1985 (**Annexure-5**).

- (i) The Railway is in a position to handover the site of work and plan to the contractor.
- (ii) The Railway should be ready with full knowledge of character and scope of work.
- (iii) The Railway is ready with design, detailed drawing, schedule of quantities etc.
- (iv) Tender documents for sale is ready from the date of notification of tender notice.

4.2 Before inviting tenders, soil exploration should be carried out at site/s which are located on filled up tanks or hollow grounds, so as to avoid any changes in the design of foundations and structure at a later date. {Board's letter no. 68-B(C)-PAC/IV-23(23), dated 20.08.1968 (**Annexure-6**) }.

5. Tender Notice:

5.1 Contents of tender Notice : Due care should be taken while preparing Tender Notice. Tender Notice must furnish details such as per Railway Board letter No. 2008/CE-1/CT/21 dt 5/3/2009 (**Annexure-7**)

- (i) Name of work with its location
- (ii) Approx cost of work
- (iii) Cost of Tender form
- (iv) Address of office from where tender form can be purchased
- (v) Earnest money to be deposited
- (vi) Completion period of work
- (vii) Date & Time for submission of tender & opening of tender
- (viii) Web site particulars & notice board location where complete detail of tender can be seen.
- (ix) Any other information relevant in tender notice

The Railway need to be cautious while issuing notices & corrigendum/ addendum which should be invariably publish in all the concern news papers besides posting the same in the web site, Notice Board of office etc. where the original notice was pasted. The web site should also specify a date up to which the tenderers may note, updates/ corrigendum/ revised date of opening.

5.2 Tender Notice Period:

5.2.1. Open Tenders : When 'Open' tenders are invited, tender notices shall be displayed on the notice board of the offices of Pr. Chief Engineer, CAO/Const., DRM, Dy. Chief Engineer, ADENs, Sr. Section Engineers – P.Way, Works & Bridges and important sections of Division concerned and adjoining PWD, MES offices for giving wide publicity. However, notice shall also be issued under certificate of posting to all the eligible contractors borne on the approved list.

In addition to above, all works tender notices shall be published in the news papers on the approved list of Govt. of India and uploaded on website of the organization. The minimum period of notice (which shall be counted from the date it is published in the news papers) shall be one month. However, it may be reduced in accordance with Railway Board's letter No. 2007/CE-I/CT/18/Pt.II dated 30.07.2010 (**Annexure-8**).

5.2.2 Limited Tenders : The notice period should be counted from the date, when tender notice is issued to the approved contractors under registered post. The above minimum time may be reduced in consultation with associate finance, if at all necessary.

5.3 Limited tenders may be invited from all the eligible contractors borne on the approved list. Exception may be made where the previous record of the contractor has not been satisfactory, but the reasons thereof should be recorded in writing.

5.4 It should be ensured that tender documents are made available for sale immediately after the tender notices are issued / published. In cases where tender notices are published much in advance, the date from which tender documents would be available should also be notified giving adequate time for obtaining drawings, specification, preparation of proper quotations etc. If for any reason, the tender documents are not ready by the notified date, suitable extension in time should be given for obtaining the tender papers and opening of tenders.

The date since when tender documents should be made available for sale should be not less than 15 days prior to the due date of opening of tenders {Board's letter no. 93/CE-1/CT/85, dated 09.05.1994 (**Annexure-9**)}.

6. Tender Documents:

6.1 The tender documents consist of :

- (i) Instructions to tenderers and conditions of tenders
- (ii) Regulations for tenders & contracts, GCC & standard specifications
- (iii) Special conditions of contract, if any

- (iv) Special specifications, if any
 - (v) Tenders schedule
 - (vi) The form of agreement which the successful tenderer is required to execute.
- 6.2 Instructions contained in Railway Board's letter no. 93/CE-I/CT/11, dated 04.05.1993 (**Annexure 10**), in this regard should be followed.

7. Pre-tender Meeting

A pre-tender (pre-proposal) meeting or conference may be conducted, generally in complex situations, to brief prospective bidders after a solicitation has been issued but before tenders or proposals have been prepared. Such a meeting permits the explanation or clarification of complicated specifications and requirements to interested bidders. Pre-tender meetings guarantee the benefits of full and free competition by clarifying possible points of confusion on Government requirements so that all potential bidders may submit tenders on equal footing with equal understanding. Remarks and explanations at the meeting will not qualify the terms of the tender or specifications. All attendees must be advised that unless the tender is amended in writing, it will remain unchanged, and that if an amendment or addendum is issued, normal procedures relating to the acknowledgment and receipt will apply.

8. Quoting of Rates

The practice of calling item-wise rates to be quoted by the tenderers should be avoided, as far as possible. For items covered by standard schedule of rates, tender should be called for on the basis of a percentage above/par/below the standard schedule of rates. Even for non-schedule items for which it is possible for the Railway to work out basic rates corresponding to the standard schedule of rates, the tender schedule may be prepared giving the basic rates, as thus worked out. On this, the tenderer may quote a percentage above/par/below these basic rates. With this system, the number of items for which the tenderer is required to quote item-wise rates on his own, will be limited to a small number. Such items may be made into a separate tender schedule {Board's letter no. 87/W-1/CT/65, dated 13.01.1988 (**Annexure-11**)}.

CHAPTER- III

CLASSES OF TENDERS

1. Open Tenders:

- 1.1 The system of invitation of tenders by public advertisements in the most open public manner possible should be used as a general rule and must be adopted with certain exceptions (limited tender, Special Limited tender, single tender or dispensing with tenders) (Para 1213-E).
- 1.2 Wide publicity may be given to the call of tenders by:
- (a) Notices in Railway Offices
 - (b) Notices in other Govt. offices
 - (c) Advertisement in vernacular/local news papers
 - (d) Advertisement in National/International news papers, if work is very important
 - (e) Uploading notice on website.

2. Limited Tenders:

- 2.1 Where for reasons which should be in the public interest, it is considered not practicable or advantageous to call for open tenders; limited tenders may be invited with approval of the competent authority. The reasons for inviting limited tenders from firm/contractors should be kept on record while approaching finance for concurrence.
- 2.2 Detailed procedure to call for limited tender has been given in the 'Sudhir Chandra Committee Report' subsequently followed by Board's letter No. 94/CE-I/CT/4 dated 22.10.2001 (**Annexure-12**) and 17.10.2002 (**Annexure-13**). Both open line and construction project may be awarded on the basis of limited tenders. For this purpose, a list of approved contractors should be properly maintained and tenders called only from amongst the contractors borne on the approved list. The schedule of power will be as under:

SL	Level of Officers	Power
(i)	PHOD / CHOD	More than ₹ 1.5 crore and upto ₹ 7.5 Cr.
(ii)	SAG Officers / DRM	More than ₹ 37.5 crore and upto ₹ 1.5 Cr.
(iii)	J.A. Grade / S. Grade	Upto ₹ 37.50 Lakh

{Ref Letter No. 2013/CE-I/CT/O/20/PO/Pt.II(ii), dtd 26.11.2013 (**Annex.-14**)}

- 2.3 While exercising above powers, the following conditions should be fulfilled :
- (a) The minimum number of contractors to be borne on the approved list should not be less than 10 (Ten).
 - (b) The approved list of contractors should be up-dated annually as per Board's Letter No. 2007/CE-I/CT/18 dated 30.06.2009 (**Annexure-15**), without fail.
 - (c) Notwithstanding the provisions above, the Railway may invite open tenders in the following circumstances :
 - (i) In the event of in-sufficient response to the tender from the contractors borne on the approved list;
 - (ii) When the work is of special nature and contractors with requisite experience are not available on the approved list and
 - (iii) When ring formation is suspected.
 - (d) Limited tenders may be invited from all the contractors borne on the approved list and not restricted to 10 no. of contractors.
 - (e) The tender notices should be published in newspapers and uploaded on website and sent by registered post or under certificate of posting or handed over to the parties concerned and their clear acknowledgement obtained.
 - (f) To check reasonableness of the rates, it is not merely enough to compare the same with the previous accepted rates, especially if the previous tenders happen to be limited one. A check of the current market rate and rate analysis may also be undertaken to establish reasonableness of the rates {Board's letter no. 88/CE-1/CT/71, dated 12.06.1989 (**Annexure- 16**)}.
- 2.4 Limited tenders are to be invited only if it is considered advantageous to do so. There is no restriction on calling open tenders even in the case of works costing less than ₹ 7.5 crore. As a matter of fact, calling open tenders for such works from time to time would be advantageous to test the market and hold the rates in check {Board's letter no. 83/W-1/CT/14(Policy), dated 04.04.1989 (Annexure-17)}.

3. Single Tender:

- 3.1 Calling of single tender should be resorted to only in exceptional circumstances, as laid down in Para 1214A-E after recording necessary certificates:
- (a) Emergent Situation :
 - Accidents, breaches involving dislocation to traffic.

- Works of specialised nature to be personally approved by the GM/CAO (C) with prior/ concurrence of the FA & CAO. This power is not to be delegated to any other authority.
 - Any other situation where General Manager personally considers it inescapable to call for single tenders subject to this power can be exercised by GM only with prior concurrence of Finance.
- (b) 'Annual Maintenance Contract' for equipment can be placed on single tender basis on authorised dealers with approval of Additional General Managers of Railways.
- 3.2 The proposal for Single Tender should be prepared by executive. This should be concurred by FA&CAO and personally approved by GM. Thereafter, the tender committee will be one stage higher depending upon the delegation of powers in the normal tendering process.

4. Special Limited Tenders (SLT): 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).

Special limited tenders may be invited from specialised and reputed contractors/ organisations/ agencies.

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.

Tenderers from whom Special limited tenders are to be invited should preferably be more than six but not less than four. Tenderers need not necessarily be borne on the Approved list.

CHAPTER- IV

EARNEST MONEY, PERFORMANCE GUARANTEE AND SECURITY DEPOSIT FOR WORKS CONTRACT

1. Earnest Money:

The amount of earnest money to be deposited should be sufficiently large to be a security against loss, in the event of contractor failing to undertake the work or to furnish the required security within the stipulated time after acceptance of his tender or until such time as the sums due to him for a sufficient guarantee, as the cases may be (Para 1241-E). The rate and manner in which EMD is to be taken should be as per General Condition of Contract.

2. Performance Guarantee:

This is taken for the purpose of successful performance by the contractor to execute the work. The rate and manner in which it is taken should be as per the clause 16 of General Conditions of Contract. The PG has to be obtained from successful bidder after issuance of letter of acceptance but within 60 days of issue of LOA. This can be released immediately after physical completion of work.

3. Security Deposit:

3.1 Security deposit is to be paid by contractor in token for the due fulfilment of a contract. The amount of security deposit required will be as under:

- (a) Security Deposit for each work should be 5% of the contract value,
- (b) EMD of successful tenderer will be retained as part S.D., balance will be recovered at the rate of 10% of the bill amount till the full Security Deposit is recovered,
- (c) Security Deposits will be recovered only from the running bills of the contract and no other mode of collecting SD shall be permitted {Refer para 16 (2) of GCC 2014}.

3.2 Security Deposit shall be returned to the contractor with the approval of the Competent Authority after the expiry of the maintenance period and after passing the final bill based on No Claim Certificate (from Contractor) and also no dues certificate against contractor {Refer para 16 (2) of GCC 2014}.

3.3 No interest will be payable upon the Earnest Money and Security Deposit or amounts payable to the Contractor under the Contract {Refer para 16 (3) of GCC 2014}.

CHAPTER- V

OPENING OF TENDERS & SCRUTINY

1. **Receiving of Tenders:** Tenders can be dropped in the tender box or received by registered post. The tenders received by post should be entered in the Tender register and the time of receipt should be recorded on the cover of the tender and deposited before the closing time in the tender box (Para 1247-E). In case of e-tendering, tenders can be received only electronically on IREPS portal.
2. **Opening of Tenders:** Tenders should be opened at the specified time, date and place by the officer nominated for the purpose. The presence of Accounts representative at the time of opening of tenders is required. The sale of tender papers should be stopped four hours before opening of tenders {Railway Board's letter no. 94/CE-1/CT/4, dated 17.09.1997 (**Annexure-18**)}. In case of e-tendering, tender papers should be available immediately after publication of NIT till closing time of tender and tenders be opened at specified time and date on IREPS portal only.

2.1 Precautions to be observed while Opening the Tenders :

The officer, who opens the tenders and the Accounts representative witnessing the tender opening, should –

- (i) Initial (with date) the cover containing the tender, front cover page of the tender and every page of the tender on which the rates or special tender conditions are quoted.
- (ii) Initial (with date) all corrections in the schedule of quantities, schedule of materials, to be issued and specification and other essential parts of the contract document.
- (iii) Mark and initial all over writing in red ink. The corrections, over writing and omissions should be serially numbered and the total number of such corrections etc. should be clearly mentioned at the end of each page of the schedule attached to the tender paper and attested with date.
- (iv) Clearly indicate on each page of schedule attached to the tender, any ambiguities in rates quoted by the tenderers in words or figures.
- (v) Should specifically record whether samples have been supplied or not along with tender (Para 1249-E).

The names of the tenderers and rates quoted by each tenderer should be read out, wherever practicable, to the tenderers or the representatives, who may be present at the time of opening of the tenderers. While opening the tenders, no opportunity should be given to any tenderer to repudiate, amend or explain the

rates and or any condition quoted in the tender no tender should be entertained from any party in his private capacity who is directly or indirectly connected with Govt. service or for which the specified earnest money has not been received (Para 1250-E). In case of e-tendering, the offer will be opened on IREPS portal by the competent authority using their Digital Signature certificates.

3. Tender Register:

3.1 Particulars of tenders should be noted in a register which should include the following information :

- (a) Name of work.
- (b) Tender notice no.
- (c) Nature of Tender
- (d) Date of opening of tenders
- (e) Earnest money required
- (f) Serial No.
- (g) Name of tenderer
- (h) Date of application
- (i) Cash received
- (j) Cash remitted (money receipt no. & CR note no. with date)
- (k) Tender forms no.
- (l) Signature of issuing officer
- (m) Signature of tenderer
- (n) Remarks

3.2 The tender register should be signed by the representative of the Executive and Accounts who open the tenders. The original tenders should always be kept in the custody of a Gazetted Officer till Tabulation Chart is prepared and got signed by the Tender Opening Committee. In case of e-tendering, the Chart should be prepared by portal and signed by Tender Opening Committee.

4. Comparative Statement:

4.1 After the tenders are opened, the tender documents should be in the custody of a Gazetted Officer till the tender is finalized. A Comparative Statement of rates, amounts, quantities and other important tender conditions should be prepared by a responsible staff for which necessary office order fixing responsibility of the staff concerned should be issued prior to giving the work to him.

- 4.2 Each and every page of the comparative statement must be signed by the staff preparing it and checked and signed by the section in-charge.
- 4.3 The Executive Officer and the respective Accounts officer should carry out 100% check of the comparative statement and sign each and every page thereof and not the last page only.
- 4.4 The comparative statement should also show the following information :
 - (a) Position regarding deposit of earnest money.
 - (b) Late & delayed tenders should be entered prominently in red ink
- 4.5 It must be ensured that all tenders received are tabulated in the comparative statement and put up to the Tender Committee alongwith briefing note duly vetted by finance for their consideration without any screening by any other official.

5. Briefing Notes:

- 5.1 A briefing note shall be prepared by the In-charge of the section dealing with tenders, signed by Executive Officer. The briefing note will be vetted by Associate Finance.
- 5.2 The basic information in the Briefing note should be on the following format:
 - (i) Tender notice no.
 - (ii) Description of works
 - (iii) Approx. cost as per Tender Notice
 - (iv) Number of approved contractors to whom tender notice was sent (in case of Limited Tender only)
 - (v) Number of tenders sold
 - (vi) Number of tenders received and opened
 - (vii) Date of opening of tenders
 - (viii) Original tenders placed at
 - (ix) Comparative Statement (Tender Chart) placed at
 - (x) Number of tenders accompanied with requisite amount of earnest money
- 5.3 The briefing note shall contain the following information in detail:
 - (i) The name of tenderers, their tendered rates and value of work
 - (ii) Particulars of earnest money deposits
 - (iii) Position of approved plans and sanctioned estimate
 - (iv) Whether N.S. Rates included in the tender schedule

- (v) Latest accepted rates for similar nature of work in the same or contiguous area, prevailing Zonal rates and market rates in the area
 - (vi) In case of tenders for residential buildings, the comparison of rates with ceiling cost
 - (vii) Comments on tenderers special conditions/variations from standard specification and special conditions to the tenders particularly in regard to their financial implications on the rates and value of the work
 - (viii) Comments, if any, on working conditions prevailing in the area
 - (ix) Any special circumstances which may affect the rates in the area
 - (x) Comparison of rates offered with the estimated cost of the work/with last accepted rates
 - (xi) Comments on financial standing, technical competence and capacity of tenderers
- 5.4 The briefing notes shall be prepared under the direction of the concerned Executive Officer. He will ensure that all aspects enumerated above are included in the briefing note and sign each page of the briefing notes.
- 5.5 The financial evaluation will be done by the Chief Draftsman assigned for the job and shall be checked by Chief Draftsman. They will be responsible to the correctness of the comparative statement and the briefing note and sign each page of the same.
- 5.6 The section in-charge dealing with the tenders shall ensure that all special conditions have been accounted for and that comparison has been made with prevailing rates of the area and sign on each page of the briefing note.
- 5.7 SO(A) of finance branch will be responsible for the verification of the financial data etc. in the briefing notes and put the same to the Accounts Officer in finance wing along with the relevant records for his vetting and signature on each page.
- 5.8 Only the signed and vetted copies of briefing note shall be circulated amongst the T.C. Members well in advance preferably along with T.C. Meeting notice.

6. Delayed/Late Tenders:

- 6.1 Tenders received before the time of opening, but after due date and time of receipt of tenders are delayed tenders.
- 6.2 Tenders received after the specified time of opening of the tenders are late tenders.
- 6.3 Late/Delayed/Post tender offers are to be dealt as per instruction contained in Board's letter no. 71/RS(G)/777 dated 01.08.1981 (**Annexure-19**) duly modified vide their letter no. 83/W1/CT/17 dated 30.07.1984 (**Annexure-20**).

CHAPTER-VI

FORMATION OF TENDER COMMITTEE

1. Constitution of Tender Committee:

- 1.1 Tender committee should be generally constituted by the authority competent to accept the tenders. When the GM is authority competent to accept the tender, the HOD concerned should arrange/constitute the Tender Committee. The Tender Committee should consist of a minimum 3 members {Letter No. 2007/CE-I/CT/18, dated 07.03.2008 (**Annexure- 21**)} of whom one should be from the Accounts department and one from the concerned executive department as convener of TC. The third member should be from another department which also deals with such contract matters.

The Tender Committee should be so constituted that the officer recommending acceptance of a tender in his capacity as a member of Tender Committee shall not be also the accepting authority of the same tender. In such cases, the officer concerned should put up the T.C.'s proceedings to the next higher authority for acceptance, not with understanding the fact that the Tender Committee's recommendations are within his own powers of acceptance (Para 1255-E).

- 1.2 For works contracts upto the value of ` 20 lakh, the Tender Committee should be constituted consisting of 2 members only, out of which one should be from department concerned and other the finance Member {Board's letter no. 2007/CE-1/CT/18, dated 07/03/2008 (**Annexure-21**) }.
- 1.3 It is general practice that the constitution of Tender Committee should be determined by the value of lower tender. However, if the tender Committee, so constituted recommends to bypass the lowest tender for certain reasons, and the next offer is beyond its competence, then a higher level committee should be constituted to deal with the case further.
- 1.4 The constitution of Tender Committee and authorities for acceptance of tenders for works contracts in respect of 'Open' & 'Limited' tenders, as per letter no. F(X)II-2014/PW/1 dated 01.01.2015 (**Annexure-22**), 2007/CE-I/CT/O/20/1 dated 08.10.2015 (**Annexure-23**) and no. 2013/CE-I/CT/O/20/Pt.II (ii) dated 26.11.2013 (**Annexure-12**).
- 1.5 In divisions where no Sr.DFM is available, DFM will be member of Tender Committee.
- 1.6 In department where no Sr. Scale officer is available, JA grade officer may be member of Tender Committee. However, in that case, accepting authority will be ADRM {No. 2007/CE-I/CT/18 dated 30.06.2009 (**Annexure-15**) }.
- 1.7 The list of sister departments dealing with tenders for the purpose of constitution of tender committee shall be as follows:

SL	Department	Sister Department
1.	Civil Engineering (OL)	(a) Electrical (b) Signal & Tale-Comm. (c) Mechanical
2.	Civil Engineering (Const.)	(a) Electrical (b) Signal & Tale-Comm.
3.	Mechanical	(a) Electrical Engineering (OL) (b) Electrical
4.	Operating	(a) Civil Engineering
5 .	Electrical	(a) Civil Engineering (OL) (b) Mechanical (c) Signal & Tele-Comm.
6 .	Signal & Tele-Communication	(a) Civil Engineering (OL) (b) Civil Engineering (Con) (c) Electrical

1.8 No member of tender committee will act as the accepting authority for the same tender. The recommendations of Tender Committee should be put up to the next higher authority for acceptance. {Board's letter no.88/CE-I/CT/76 dated 23.12.1988 (**Annexure- 24**)}.

1.9 It may be noted that :

- (a) The total value of tender will be criterion to decide the competent authority for acceptance even if the proposals against the tender are put up in parts.
- (b) The proceedings for the Tender Committee will be put up by convener member of tender committee direct to the accepting authority.

CHAPTER-VII

CONSIDERATION OF TENDERS

1. Responsibility of Tender Committee:

- 1.1 Tender should be considered without delay and should be finalized within the period of validity of offers {RB's letter no 2000/CE-1/CT/1 Pt dated 24-08-2000 **(Annexure-25)**}.
- 1.2 It is the prime responsibility of tender committee to define the L-1 as per the definition given in the 'Sudhir Chandra Committee Report'. 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. Further, the tender committee should consider this offer of L-1 to see whether it is acceptable, or require to conduct negotiations or to reject it. Tender committee has no power to consider the offer of L-2. In case, the L-1, as per the above definition withdraws from his offer, the tender should be discharged and re-invited.
- 1.3 Tender Committee, while examining the credentials and partnership deed etc. of the tenderers, should see whether a group of persons or firms having different names, but controlled/managed by the same group or individuals have not submitted separate tenders and should ensure that real and fair competition exists in response to the tender notice before they recommend acceptance of one of the tenders. {Board's letter no. 72/W-1/CT/32, dated 14.5.1974 **(Annexure-26)**}.
- 1.4 Tender committee while accepting condition stipulated by the tenderers particularly conditions involving extra payment should make a realistic and practical assessment of all the full utilization of the benefit which should be adhered to {Board's letter no. 63/747/29/track, dated 05.07.1968 **(Annexure-27)**}.
- 1.5 After submission of the proper tender documents in the tender box by the tenderers, subsequent notified offers on slip/letter dropped in the tender box will not be considered valid.
- 1.6 Particular care should be taken by the Tender Committee to ensure that the rates quoted for individual items are realistic and are not abnormal and unworkable in respect of any item of work {Board's letter no.63/TG-II/6, dated 13.09.1963 & no.71/W1/CT/42, dated 17.11.1972 **(Annexures –28 & 29)**}.
- 1.7 Every tender committee constituted must go through the tenders, comparative statement and briefing notes and consider the tenders and form their recommendations. It should be ensured that there is no delay in finalizing the

minutes of tender committee and, as far as possible, the draft of minutes should be finalized by tender committee at the meeting itself. Under no circumstances any of the members of the tender committee should refer the tender case to any officers/staff under his or to any one else for scrutiny and/or comments. The proceeding of the tender committee should be signed by the members of tender committee on each and every page. The recommendations of tender committee are to be put up direct to the accepting authority, without further recommendations and comments from any one {Board's letter no. 87/RS/(G)777/3 dated 06.11.1987 (**Annexure-30**)}.

- 1.8 When single offer is received in response to an "Open" or a "Limited" tender, this should not be treated as "Single" tender, but as "Open" or "Limited" tender only, as the case may be and processed accordingly.
- 1.9 When in response to a call of "Limited tender" (as distinct from single or open tenders under the rules enforce) only one tender is received, fresh tenders should be invited, except in very urgent ones.
- 1.10 In case where specifications in a tender have undergone any major change before the tender is furnished, fresh tenders should be called for, giving sufficient notice to the tenderers.
- 1.11 Notwithstanding the general ban, late tenders received from established/reliable suppliers, conforming a substantial advantage can be considered by the railway after obtaining Board's approval in each case. Such cases should be recommended for consideration of the Board with the personal approval of the GM duly concurred by the FA&CAO. The Railway should not enter into any dialogue with the agency submitting a delayed tender without obtaining Board's prior clearances {Board's letter no. 83/W1/CT/17 dated 30.7.1984 (**Annexure-20**)}.

2. Negotiation :

- 2.1 The selection of contractors by negotiation is an exception rather than rule and may be resorted to where all the tenders are considered to be reasonably high in value and it is felt that re-tendering would not secure better advantage to the Railway.
- 2.2 The decision whether to invite fresh tender or to negotiate with L-1 should be taken by the competent authority on the recommendations of the tender committee.
- 2.3 After the competent authority has decided to call specific tenderers for negotiation, the following procedure should be adopted :
 - (a) The tenderers to be called in for negotiations should be addressed as

laid/down in Board's letter no. 61/W-II/CT/24, dated 31.10.1965 **(Annexure-31)**, with modification that it will apply to L-1 only and not to all the tenderers. Further the rates originally quoted by L-1 shall remain open for acceptance in the event of failure of negotiation.

- (b) While conducting negotiations with tenderers and obtaining revised rates and recommending the same for acceptance, the tender committee should ensure that the fundamental requirements of safeguarding Railway's financial interest have been fully observed.

Note –The above instructions may not be applied rigidly to tenders for specialized works or equipments where tenderers may quote according to their own specifications and designs for various reasons such as improvement in technology etc. and it may become necessary to discuss technical and other details with them to select the most suitable offer. Such cases should necessarily be very few. The procedure of conducting negotiations should be decided on the merits of each case in consultation with the FA&CAO.

CHAPTER-VIII

ACCEPTANCE OF TENDERS

- 1.1 An unqualified acceptance of 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 binding contract takes place (Para 1256-E).
- 1.2 In case the terms & conditions incorporated in the letter of acceptance/purchase orders are different from those originally offered and modified by the tenderers subsequently during the course of negotiations, discussions or otherwise, the contractors should be asked to return one copy of the letter of acceptance/purchase order duly signed by the same person who signed the original offer against the tender in token of his acceptance of contract to revised conditions {Board's letter no. 67/RS(G)/779/17, dated 22.6.1967 **(Annexure-32)}**.
- 1.3 The letter of acceptance and the agreement should be signed for and on behalf of President of India by the competent authority of the Railway, as delegated in SOP GEN in this respect.
- 1.4 The recommendations of Tender Committee should be put up to the accepting authority.
- 2.1 The acceptance or rejection of tenders is left entirely to the discretion of the authority empowered to do so. The reasons for departing from the recommendations of the tender committee should be recorded by the accepting authority. If the 'Finance Member' finds some financial impropriety in the award of contract, he can report the matter to FA&CAO. Though the final decision would rest with the accepting authority, he may obtain the opinion of Associate Finance at the appropriate level, if necessary before making final decision. {Board's letter no.74/AC-III/30/6, dated 28.12.1983 **(Annexure- 33)}**
- 2.2 Where for any reasons, the accepting authority does not consider justifiable to accept the recommendation of the tender committee he may, if so desires, refer the matter to the tender committee for re-consideration setting out reasons for not accepting the recommendation of the Committee.

CHAPTER-IX
ZONAL CONTRACTS
Contract for Works and Engineering Materials

1. It is often advantageous to allot all minor works and all works of repairs and maintenance in a particular zone for a definite period to one contractor. It may be likewise advantageous to make this contractor who can be called a Zonal contractor responsible for the conveyance or supply of engineering materials as and when required in a particular zone during a specified period. The Executive Officers of the Engineering Department should, therefore, take steps to select suitable contractors for zone contracts, which will include :
 - (a) New works, additions and alteration to existing structures, special repair works and supply of building materials subject to the value of each such work order not exceeding ₹ 2 lakh
 - (b) All ordinary repair and maintenance works.
 - (c) Conveyance of materials, e.g. Bricks, sand etc. which are likely to be required in a zone during the year.
2. The Zonal Contracts should be for the period from 1st July to 30th June. The contracts for these works or supplies should be as a rule, be on a yearly basis. If however, any special advantage, such as more favourable rate is likely to be secured by giving out contracts for longer periods (as in the case of manufacture and supply of bricks), contracts for more than a year may, with the concurrence of the Account Officer, be entered into.
3. It should be ensured that as far as practicable, no work orders are approved against the old contract after the opening of the new tenders and all works of the old contracts are completed by the end of June. Exceptional cases may, however, be dealt on their merits with the approval of the competent authority taking into account all relevant facts including such information as is available regarding the trend in rates (Para-1209-E).
4. For the purpose of bringing special works under Zonal contracts, sanctioned works should not be artificially split so as to bring their value to less than ₹2 lakh.
5. The total approximate amount of each Zonal Contract should be carefully worked out at the time of invitation of tenders, so as to avoid any proposal to enhance the value of the Zonal Contract at a later date. Every effort should be made to foresee the possible extra works that are likely to arise within the area and duration covered by the Zonal contract.
6. For fixing the value of the Zonal Contract, the tenders in the last 2 to 3 years are a good guide. Suitable adjustment should, however, be made for :

- (a) Special feature on work which figured in those years and may not occur during the coming year.
 - (b) Special features on works to be provided for in the coming year.
 - (c) The increase in costs in the market in materials, labour etc.
7. Zonal Contracts usually apply from 1st July of one year to 30th June of next year. The tenders for Zonal Contracts may be invited well in advance allowing time for dealing them, if necessary after negotiations & tendering and acceptance letter to be issued before 30th June. It would, therefore, be desirable that tenders are invited in the month of April, opened in the month of May and finalized by 30th June, so that contract may take effect from 1st July. {Board's letter No. 63/W-II/CT/28 dated 05.03.1966 (**Annexure-34**)}.
8. The limit of each work order under Zonal contracts ₹ 2 lakh with immediate effect. The existing Para no. 1209-E is, therefore, amended accordingly. It is clarified by Board further that the said amendment reflects only financial limit prescribed in Sub-Para (1) of Para 1209-E, and does not alter, effect or has any repercussion on any other provision of the above said amendment. The Zonal Tenders should be of adequate value and there should be only one zone contract for a specified jurisdiction for the various items.
9. To avoid unnecessary paper work, a proper assessment of works to be executed under the Zonal Contracts on "Open" line and Misc. Work contracts on construction organization should be made. These tenders should be of viable amount and should include works under various Chapters of the Standard Schedule of Rates. Construction units should evaluate miscellaneous works on their units which may be required during a specified period and in a specified jurisdiction, such as loading, unloading, transportation of materials, maintenance works of construction officers, quarters and such other items which may be required to be done at Standard Schedule of Rates of the Railway and include these in Misc. Works contracts.
10. The position and issue of work order should be reviewed at a stage when work orders for approximately 50% of the contract value are placed with the contractor.
11. The basic schedule of rates should be kept updated periodically every year, so that the Zonal Contract system can work properly and efficiently.

CHAPTER-X

REGISTRATION OF CONTRACTORS, ADVANCES AND PRICE VARIATION CLAUSE

1. Registration of Contractors:

As indicated in Para 2.2, Chapter III, Individual Railways may decide the category of work for which list of approved contractors should be maintained for each monetary slab {Ref Board's letter No.2013/CE-1/CT/0/20/PO/Pt.II(ii) Dt. 26/11/2013 (**Annexure- 12**)}.

1.1 Eligibility Criteria for registration of contractors in Approved list of Contractors shall be as under:-

Category of Contractor	Monitory	Eligibility Criteria
Class 'C'	Upto ₹ 37.5 lakh	(i) They should have an engineering organization with an Engineering Diploma Holder having at least 3 years experience of relevant discipline. (ii) At the time of enlistment, they should have satisfactorily executed at least two works, each individually costing not less than ₹10 lakh. (iii) During the last 3 financial years, they should have received contractual payments of at least ₹ 25 lakh.
Class 'B'	More than ₹ 7.5 lakh and upto ₹ 1.5 crore	(i) They should have an engineering organization with at least a graduate Engineer having a minimum of 5 years experience in relevant discipline and should maintain minimum compliment of transport equipments and construction tools and plants commensurate with the nature of works being done by them. (ii) At the time of enlistment, they should have satisfactorily executed at least two works, each individually costing not less than ₹ 25 lakh. (iii) During the last 3 financial years, they should have received contractual payments of at least ₹ 1 crore.

Category of Contractor	Monitory	Eligibility Criteria
Class 'A'	More than ₹ 1.5 lakh and upto ₹ 7.5 crore	<p>(i) They should have an engineering organization with at least a graduate Engineer having a minimum of 10 years experience plus an engineering diploma holder having a minimum of 5 years experience in relevant discipline and should maintain a minimum compliment of transport equipments and construction tools and plants commensurate with the nature of works being done by them.</p> <p>(ii) At the time of enlistment, they should have satisfactorily executed at least two Civil Engineering works, each individually costing not less than ₹ 1 crore.</p> <p>(iii) During the last 3 financial years, they should have received contractual payments of at least ₹ 5 crore.</p>

1.2 The composition of the selection committee and accepting authority for registration of contractors shall be as given in following table :

Category / slab	Composition of Selection Committee	Accepting Authority
Class 'C' Upto ₹ 37.5 lakh	Two JAG officers (one each from Executive Department and Finance Department)	DRM in the case of Division / SAG officer of the Executive Department in offices other than Division
Class 'B' More than ₹ 37.5 lakh and upto ₹ 1.5 crore	Two JAG officers (one each from Executive Department and Finance Department)	DRM in the case of Division / SAG officer of the Executive Department in offices other than Division
Class 'A' More than ₹ 1.5 crore and upto ₹ 7 crore	Two SAG officers (one each from Executive Department and Finance Department)	PHOD

1.3 The above, inter-alia, covers the following aspects :

- (i) No work or supply should ordinarily be entrusted for execution to a contractor whose capability and financial status has not been investigated before hand and found satisfactory.
- (ii) Once in 3 years by giving wide publicity through advertisements etc., intending contractors may be invited to register themselves for different classes.
- (iii) Where required, capacity of the intending contractors to execute works satisfactorily as an independent and competent agency, their financial capability for satisfactory execution of railway works, field of specialization, past experience, ability to supervise the works personally or through competent and qualified / authorized engineers / supervisors, be examined and investigated expeditiously prior to their enlistment.
- (iv) An annual fee of ₹ 2,000/- shall be charged from registered contractors to cover the cost of sending notices to them and clerkage for tenders, etc.
- (v) The 'List of Approved Contractors' be treated as confidential office record and individual names of contractors on the list should not be made known to other contractors. It should be maintained upto date in a neat and unambiguous manner.
- (vi) 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.
- (vii) 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.
- (viii) There will be separate 'Approved Lists' for the Open Line and the Construction Organizations for each identified category of work.
- (ix) In Open Line, Approved Lists for Classes 'B' & 'C' 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' 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.
- (x) For registration in the approved list, the contractor shall furnish a non-refundable fee of ₹ 15,000/- (Rupees fifteen thousand), ₹20,000/- (Rupees Twenty thousand) and ₹30,000/- (Rupees Thirty thousand) for registration under Category 'C', 'B' and 'A', respectively.

- 2. Advances to Contractors** – In terms of Railway Board's letter No. 2007/CE-I/CT/18/Pt.2 dated 04.10.2012 (**Annexure-35**).
- 2.1 It shall be duty of the Executives to abstain as far as possible from giving advances and they should endeavor to maintain a system under which no payments are made except for work actually done. General Managers may, however, sanction advances within their delegation of powers, as per limits indicated hereunder for such of the works which are capital intensive and of specialized nature, if the estimated value of the tender exceeds ₹25 Crore (twenty five Crore). Suitable provisions may be included in the special conditions of the tender for grant of Mobilization Advance and advance against machinery and equipment, if the work warrants grant of such advances, subject to conditions stated hereunder:
- 2.2 Mobilization Advance -
- This shall be limited to 10% of the contract value and payable in 2 stages, as indicated below:
- Stage I - 5% of contract value on signing of the contract agreement.
- Stage II - 5% on mobilization of site-establishment, setting up offices, bringing in equipment and actual commencement of work.
- The two stages of advances shall be payable immediately after signing of contract documents and at the time of mobilization respectively.
- 2.3 Advance Against Machinery and Equipment - This advance shall be limited to a maximum of 10% of the contract value against new Machinery & Equipment, involving substantial outlay, brought to site and essentially required for the work. This advance shall not exceed 75% of the purchase price of such equipment and shall be payable when hypothecated to the President of India by a suitable bond or alternatively covered by an irrevocable Bank Guarantee for full cost of the Plant & Equipment from a Nationalized Bank in India or the State Bank of India in a form acceptable to Railways.
- The Plant & Equipment shall be insured for the full value and for the entire period, they are required for the work. This Plant & Equipment shall not be removed from the site of work without prior written permission of the Engineer. No advance should be given against old Plant & Machinery.
- 2.4 Advances for Accelerating Progress of the Work During Course of Execution of Contract - This advance is to be decided on the merits of each case for contracts lying within the powers of General Manager (upto ₹ 100 crore or less or as decided & circulated by Board from time to time) and shall be restricted to a maximum of 5% of contract value or ₹ 1 crore whichever is less. This is to be granted by the General Manager on the recommendations of the Chief Engineer in-charge, in consultation with the Associate Finance.

2.5 Advances in Exceptional Cases -

General Managers are further empowered to grant advances in exceptional cases upto a maximum of ₹5 lakh in respect of even contracts of value of less than ₹ 50 lakh, if considered absolutely essential, depending on the merits of each case and circumstances in each situation, to be recommended by the Chief Engineer in-charge and in consultation with the Associate Finance.

2.6 The Above Advances are Subject to the Following Conditions -

- (i) The advance shall carry an interest of 4.5% per annum above the Base Rate of State Bank of India, as effective on the date of approval of payment of the advance by the competent authority and be restricted only for high value tenders of ₹25 crore and above;
- (ii) Advances except those against machinery and equipment, shall be payable against irrevocable guarantee (Bank Guarantee, FDRs, KVPs/NSCs) of at least 110% of the value of the sanctioned advance amount (covering principal plus interest). The Bank Guarantee shall be from a Nationalized Bank in India or State Bank of India in a form acceptable to the Railways;
- (iii) The recovery shall commence when the value of contract executed reaches 15% of original contract value and shall be completed when the value of work executed reaches 85% of the original contract value. The installments on each "on account bill" will be on pro-rata basis;
- (iv) That the grant of advance is primarily in Railway's own interest;
- (v) That a contractor does not receive advances for same work from different officers;
- (vi) That arrangements are made with the Accounts Officer for proper accounts being kept with regard to payment and recovery of these advances; and
- (vii) That all necessary precautions are taken to secure Government from the possibility of loss and for preventing the system becoming more general or continuing longer than what may be absolutely necessary for proper progress of the work.

2.7 **Method of Recovery of Interest** - Interest shall be recovered on the advance outstanding for the period commencing from the date of payment of advance till date of particular on-account bill (through which recovery of principal is effected) and adjusted fully against on-account bill along with pro-rata principal recovery. In the event of any short-fall, the same shall be carried forward to the next on-account bill and shall attract interest @ 4.5% per annum above the Base

Rate of State Bank of India, as effective on the date of approval of payment of the advance by the competent authority.

The Bank Guarantee for such advances shall clearly cover at least 110% of the value of the sanctioned advance amount (covering principal plus interest). {Authority: Railway Board's letter no. 2007/ CE-I/CT/18 Pt.3, dated 12.04.12 (**Annexure-36**) & 23.5.2012 (**Annexure-37**)}.

3. Price Variation Clause / Clause 46A of GCC -

Refer Railway Board's letters No. 2007/CE-I/CT/18 Pt.19, dated 14.12.2012 (**Annexure-38**), 07.05.2013 (**Annexure-39**), 15.10.2014 (**Annexure-40**), No. 2007/CE-I/CT/18/Pt.13, dated 02.05.2014 (**Annexure-41**), No. 2013/CE-I/CT/O/10/PVC/Pt.I, dated 27.01.2015 (**Annexure-42**).

- 3.1 Applicability : Price Variation Clause (PVC) shall be applicable only for contracts of value as prescribed by the Ministry of Railways through instructions/circulars issued from time to time and irrespective of the contract completion period. PVC will not be applicable for Zonal Contracts and AMC contracts.
- 3.2 Variation in quantities shall not be taken into account for applicability of PVC in the contract. Materials supplied free of cost by Railway to the contractors shall fall outside the purview of Price Variation Clause.
- 3.3 Base Month : The Base Month for 'Price Variation Clause' shall be taken as month of opening of tender including extensions, if any, unless otherwise stated elsewhere. The quarter for applicability of PVC shall commence from the month following the month of opening of tender. The Price Variation shall be based on the average Price Index of the quarter under consideration.
- 3.4 Validity : Rates accepted by Railway Administration shall hold good till completion of work and no additional individual claim shall be admissible on account of fluctuations in market rates, increase in taxes/any other levies/tolls etc. except that payment/recovery for overall market situation shall be made as per Price Variation Clause given hereunder.
- 3.5 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.
- 3.6 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.
- 3.7 The percentages of labour component, material component, fuel component etc. in various types of Engineering Works have been defined in Clause 46-A of General Conditions of Contract:

- 3.8 Price Variation During Extended Period of Contract : The price adjustment as worked out above, i.e. either increase or decrease shall be applicable upto the stipulated date of completion of work including the extended period of completion where such extension has been granted under Clause 17-A of the Standard General Conditions of Contract.

Where extension of time has been granted due to contractor's failure under Clause 17-B of the Standard General Conditions of Contract, price adjustment shall be done as follows:

- (a) In case the indices increase above the indices applicable to the last month of original completion period or the extended period under Clause 17-A, the price adjustment for the period of extension granted under Clause 17-B shall be limited to the amount payable as per the Indices applicable to the last month of the original completion period or the extended period under Clause 17-A of the Standard General Conditions of Contract; as the case may be.
- (b) In case the indices fall below the indices applicable to the last month of original/ extended period of completion under Clause 17-A, as the case may be; then the lower indices shall be adopted for the price adjustment for the period of extension under Clause 17-B of the Standard General Conditions of Contract.

CHAPTER XI

IMPORTANT ASPECTS TO BE CONSIDERED WHILE DEALING WITH TENDERS AND CONTRACT

1. Do's

- 1.1 Allow adequate and reasonable minimum time (as prescribed) for opening of all tenders to encourage proper response - except in emergencies.
- 1.2 Ensure timely supply of copies of approved plans for tenders where special item rates have to be quoted for the particular details of the approved plans.
- 1.3 Ensure that tender abstract (comparative statement) and briefing note have been prepared and signed by the concerned officials on each page.
- 1.4 Consider the offers which are accompanied by requisite valid earnest money or against valid SEM and no subsequent modification, substitution or submission of EMD is allowed.
- 1.5 Attempt identification of sister concerns to detect ring formations, especially in the case of limited tenders.
- 1.6 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.
- 1.7 To decide the Tender Committee recommendations with dissenting notes carefully.
- 1.8 Remember - negotiation should be an exception (like where rates are unreasonably high and retendering is not possible or desirable) and not the rule in acceptance of tenders.
- 1.9 Ensure negotiating for rates with lowest eligible tender only after getting approval of competent authority i.e. Accepting Authority.
- 1.10 Record relevant reasons for overlooking the lowest offer if it is not acceptable.
- 1.11 Ensure that the tender committee minutes contain the relevant information as the date, venue of the meeting and dated signatures of the members.
- 1.12 Record the acceptance or otherwise on the body of the tender committee minutes only.
- 1.13 Ensure that the reasonableness of rates is examined critically, logically and specifically, both in respect of total cost and rates of important individual items.

- 1.14 Check that low offers are in fact so in reality and price differential for similar but different items of schedule is reasonable.
- 1.15 Ensure that the tender committee is only constituted of competent level of officers specified.

2. Don'ts

- 2.1 Do not change the Tender Committee members once constituted without prior approval of competent authority.
- 2.2 Do not consider delayed/late tenders except under specified exceptional circumstances (it requires RB's approval to consider late/delayed offer).
- 2.3 Do not treat the Tender Committee's recommendations with dissenting notes from one or more members of the tender committee as a unanimous recommendation.
- 2.4 Do not order negotiation on the repeated advice of tender committee to invite fresh tenders, particularly where response to the call for negotiation is poor.
- 2.5 Do not exercise the powers of the accepting authority in case you have been a member of the tender committee.
- 2.6 Do not hold negotiations with those who had either not tendered originally or whose tender was rejected because of unsatisfactory credentials, inadequacy of capacity or where tenders were unaccompanied with adequate EMD or any other invalid tenders.
- 2.7 Do not accept open quotations from the contractors during negotiations.
- 2.8 Do not entertain letters/representations of tenderers subsequent to the opening or negotiation while consideration of tenders.
- 2.9 Do not accept modified offers, not considered by the Tender Committee.
- 2.10 Do not allow subsequent revision of the TC minutes, unless the reconsidered minutes are put up in addition.
- 2.11 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.
- 2.12 Do not advise the tender committee prior to their deliberations on the suitability or otherwise of any particular offer.
- 2.13 Do not allow anomalies in evaluation of special conditions to affect the acceptance of the offer recommended.

ANNEXURE-1

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No.2001/CE.I/CT/17

New Delhi, dated 22.11.2001

Addressed to:

As per list attached A.

Subj: Calling of tenders for works
contracts.

Advance Correction Slip No.35 to Para 1209-E.

The Ministry of Railways (Railway Board) have decided that Para 1209 of the Indian Railway Code for the Engineering Department may be amended as shown in the enclosed correction Slip No.35.

This issues with the concurrence of the Finance Directorate of Ministry of Railways.


(PRAMOD KUMAR)

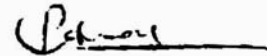
Exec.Director, Civil Engrg. (G)
Railway Board.

No.2001/CE.I/CT/17

New Delhi, dated 22.11.2001

Copy to:

- 1) ADRI(Rlys), New Delhi (with 40 spares).
- 2) The Director of Audit, All Indian Railways.
- 3) PA& CAC, All Indian Railways.



(PRAMOD KUMAR)
Exec.Director, Civil Engrg. (G)
Railway Board.

Copy to:

1. A/cs(III), F(X)II, Vig.(I) with 5 spares.
2. EDV(E), EL(W), EDLM, EDPE, ED(Track)M, EDCE(B&S), ED(Track),
3. AM(CE), AM(W), AM(S&T), AM(Comm.), AM(Stores), AM(MS), AM(B),
AM(Elec), AM(ITP), AM(Mech), Railway Board.
4. PSS to CRE, FC, ME, MT, MS, FL, Secy., Railway Board.

Advance Correction Slip No.35 to the Indian Railway Code & the Engineering Department (1993).

Para 1209 E

The words and figure 'Rs.1 Lakh appearing in Para 120 may be substituted by "Rs.2 lakh."

(Authority Board's letter No.2001/CE.I/CT/17 dated -11-2001)

ANNEXURE-2

**GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)**

No.2007/CE-I/CT/18/Pt.

New Delhi, dated 5.3.2009.

**Addressed to,
As per List 'A' attached.**

**Sub: Powers to dispense with calling of tenders (calling of quotations)
Ref: Board's letter No.94/CE-I/CT/4 dated 17.10.2002.**

Board have reviewed the powers to call for quotations to execute works as laid down in Board's letter referred above(para 2.7.4.1) and have decided to enhance the same as follows, subject to the conditions mentioned in para 1211E as modified and enumerated below:

Rank of Officer	Present financial limit to dispense with tenders and accept Quotation per case Rs.	Present Annual Ceiling limit Rs.	Present financial limit to dispense with tenders and accept Quotation per case Rs.	Present Annual Ceiling limit Rs.
Sr. Scale (Independent Charge)	50,000	2,00,000	1,00,000	5,00,000
JAG/SG	1,00,000	5,00,000	2,00,000	20,00,000
SAG	2,00,000	10,00,000	4,00,000	40,00,000

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

- (i) Normally powers to dispense with calling of tenders should be exercised sparingly. The circumstances under which quotations have to be called should be spelt out.

- (ii) The work should not be split up for the purpose of bringing it within the ambit of this dispensation.
- (iii) The reasonableness of rates should be gone into objectively and in detail by the accepting authority.
- (iv) Quotations should not be for items which can be executed through the existing contracts including zonal contracts.
- (v) Quotations should not be for fancy (expensive but of low utility) items.
- (vi) Quotations should only be for works which are urgent in nature.
- (vii) Quotations should normally be invited from at least three well experienced contractors/agencies not necessarily borne on the approved list.
- (viii) Accepting Authority must take precautions to see that the quotations are from genuine firms (and not from fictitious firms).
- (ix) A register showing the full particulars of works authorized through quotations will be maintained by the officer having powers to dispense with calling of tenders. The register shall be sent to associate finance while seeking their concurrence.
- (x) These powers shall be exercised only by field officers and their controlling HODs and not by other Head quarters officers' in charge of Planning, Design etc.

This issues with the concurrence of Finance Directorate of the Ministry of Railways.

Please acknowledge receipt.

Sd/-
(T.GUPTA)
Executive Director Civil Engg(G)
Railway Board

ANNEXURE-3

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

No. 2007/CE-I/CT/18/ Pt.13

New Delhi, dated 09.09.2010

To
As per list attached

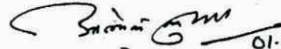
Sub : Power to dispense with calling of tenders (calling of quotations)

Ref : (i) Railway Board's letter no. 94/CE-I/CT/4, dated 17.10.02.
(ii) Railway Board's letter no. 2007/CE-I/CT/18, dated 07.3.08.
(iii) Railway Board's letter no. 2007/CE-I/CT/18Pt., dated 05.3.09.

Powers to call for quotations to execute works and the conditions associated with it were revised vide Railway Board's letter referred at (iii) above.

The conditions stipulated in the letter have been reviewed by the Board and it has been decided to delete item (x) of the letter. Other conditions mentioned in the letter shall remain the same.

This issues with the concurrence of Finance Directorate of Ministry of Railways.


(आलोक कुमार)
कार्यकारी निदेशक/सिविल इंजीनियरिंग/सा.रेलवे बोर्ड

No. 2007/CE-I/CT/18/ Pt.13

New Delhi, dated 09.09.2010

Copy forwarded for information to :

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


For Financial Commissioner (Railways)

ANNEXURE-4

Copy of Rly.Board's letter No.80/W2/3/33 dt.28/ 29 th August, 1980 addressed to General Managers, All Indian Railways and others.

Sub:- Invitation of tenders before finalizing the site plans.

An instance has come to the notice of the Railway Board where a Zonal Railway invited tenders and awarded contract for a station building before completing the following necessary preliminaries formalities:-

i. Approval of site and detailed plans by competent authority.

ii. Though the building was in Tarai areas, soil tests for safe bearing capacity were not conducted to determine the type of foundation that would be suitable for the local soil conditions which were poor.

2. Due to these deviations from formal rules and practices, there was considerable delay in the execution and completion of the work by the contractor. This was adversely commented upon by Audit in view of the claims the Railway had to face from the Contractor.

3. Instructions have been issued by the Board from time to time enjoining upon the Railways to take up works for execution only after suitable investigation have been completed, detailed drawings and plans have been approved and detailed estimates/urgency certificate sanctioned by the competent authority. Attention is also invited to para 1002 of the Indian Rlys. Code for the Engineering Deptt. as also to Board letter No. 72/WI/CT/43 dt. 21.09.1972. Board desire to reiterate that contracts for works should not be awarded unless soil tests, site investigation have been completed, all plans, drawings and estimates duly approved/sanction by competent authority and that there is no hitch in handing over the site to the contractor. Board desire that suitable instructions may be issued to all concerned. Please acknowledge receipt.

Sd/- (J.K.KAUL)
Addl. Director, Civil Engg.
Railway Board.

ANNEXURE-5

Copy of Railway Board letter No. 85/W1/CT/9 dated 22.2.1985, New Delhi addressed to The General Managers, All Indian Railways and copy to The FA & CAOs, All Indian Railways.

Sub:- Contract Management on Railways (Works contracts)- Para 15 of the Advance Report of the C&AG of India for the year 1982- 83.

It has been brought to the notice of the Railway Board by the Audit that there have been several cases where due to not finalising the designs and plans for works or not determining the reasonable quantities to be executed prior to calling of tenders, the character and scope of the work had subsequently undergone substantial changes, resulting in undue delays, prolongation of work or abandonment/termination of the contract etc. with consequent escalation and increase in the cost of assets to be created.

In this connection, your attention is invited to the accepted recommendation Nos. 2 and 3 of the report of the Study Team on Elimination of lacuna and Improvement in procedure 'Construction and supplies' communicated vide Railway Board letter No. 65/Vig/I/1/102 dated 19.3.71 (relevant extracts enclosed as Annexure). These instructions enjoin that detailed drawings and estimates should be available with the Executive and that adequate field data should be collected in time and as accurately as possible for the preparation of drawings and plans. For bridge works and accommodation works such as level crossings, road over bridges etc. a close liaison should also be maintained with the concerned local authorities so that there is no cause for subsequent changes which may enhance the cost of the project substantially.

Your attention is also invited to Board's letter No. 72/W1/CT/43 dated 21.9.1972 where in instructions were issued to avoid situations like delay in furnishing detailed drawings to the contractor to avoid consequent delays in the execution of the work or abandonment or termination of contracts necessitating calling of fresh tenders for completing the work at higher cost etc. The Board had therefore, desired that the Railway Administration should foresee all such delays to the extent possible and decide calling of tenders only when they are fully prepared to hand over the sites and supply the plans etc.

The need to follow the aforesaid guidelines cannot be over- emphasized. The Board desires that every effort should be made to finalize designs and drawings before calling tenders so that radical changes in the scope of the work in execution remain few and far between.

Please acknowledge receipt.

**Sd/-
Director works/ Railway Board**

**RECOMMENDATIONS NO. 2 & 3 OF THE REPORT OF THE STUDY TEAM ON
ELIMINATION OF LACUNAE AND IMPROVEMENT IN PROCEDURE
"CONSTRUCTION & SUPPLIES".**

Recommendation
No. 2

"Planning of works and stores:- It is a salutary principle to follow that detailed drawings and detailed estimates should be available with the Executive before tenders are called for the work".

Recommendation
No. 3

"Adequate field data for the preparation of plans should be collected in time and as Accurately as possible. In the case of Bridge work, Accommodation works, such as provision of level crossings, road overbridges and diversion of existing roads, a close liaison should be maintained with the Municipal/Civil Authorities etc., so that there is no cause for subsequent changes which may increase the cost of the project enormously and also enhance considerably the values of the contracts entered into".

ANNEXURE-6

Copy of letter No. 68-B(C) PAC/IV/23 (23) dt. 20.8.68 from Sh.M.G.Nair, Jt.Director-Works, Rly.Bd. New Delhi, addressed to the General Managers, All Indian Railways and copy to others.

Recommendation No.23 of the 23rd report of the Public Accounts Committee (4th Lok Sabha) on para 37 of Audit Report (Railways) 1967 – Extra expenditure due to execution of work without exploration.

In connection with remodelling of a station, a contract was awarded by a Rly. Admn. on the basis of specification for ordinary open foundations before carrying out soil exploration work, even though it was known to the Administration that the land on which the structures were to be provided was a filled-up tank. The soil investigations which were carried out shortly after the award of the contract, pointed to the necessity of pile foundations because of the soil being found unstable to a great depth. Due to the change in the design of the foundations after the award of the contract, the contractor expressed his unwillingness to proceed with the work except to a very limited extent.

The remaining items of the work had, therefore, to be got executed through fresh contracts at higher rates than those quoted in the original tenders. It was explained to the Public Accounts Committee that the Railway Administration's original decision to have open foundations was based on the consideration that the tank which had been filled up about 30 to 40 yrs back must have settled down and consolidated and that there were already other buildings built on open foundation on that site. The Public Accounts Committee have, however, observed as under:-

1. The committee are constrained to note that, before inviting tenders and awarding a contract for the work, the Railway did not carry out essential investigations. It is all the more surprising that when it was known that the structures were being provided on a filled up tank, no soil tests were made and the work was taken up on the assumption that building on open foundations existed in the area.

The committee suggest that the Rly.Bd. should issue suitable instructions for soil exploration being carried out at sites, which are located on filled-up tanks or hollow Compendium of Instructions on works Contracts – Northern Railway 89 ground so as to avoid any changes in the design of foundations and structure at a later date.

2. The Committee's recommendation may be noted for strict compliance.

3. Please acknowledge receipt.

ANNEXURE-7

भारत सरकार GOVERNMENT OF INDIA
रेल मंत्रालय MINISTRY OF RAILWAYS
(रेलवे बोर्ड RAILWAY BOARD)

No. 2008/CE-I/CT/21

New Delhi, dated 5.03.2009.

The General Managers, All Indian Railways,
The Principal Chief Engineers, All Indian Railways,
The CAO/Cs, All Indian Railways.

Sub:- Lengthy Tender Notices.

Ref:- Board's letter No. 2001/CE-I/CT/20 dated 17.8.2001.

Vide Board's letter referred above, it was observed that Tender Notices appearing in the press are needlessly long and that unnecessary long tender notices, apart from causing loss of revenue to the Railway, also tend to lose the clarity of the subject. It was further directed in this letter that due care should be exercised by the concerned authority who approves the notices for inviting tenders to ensure that the tender notices are crisp and clear and that they do not have unnecessary repetitions and ambiguity.

The purpose of publishing Tender Notices in newspapers is to draw the attention of the eligible contractors to the proposed work. Since the complete details are available in the Tender Notices posted on the Railway website and also placed on the Notice Board of the concerned office, there is no need to give exhaustive details about the work in the Tender Notices being published in the newspapers.

It is sufficient if the Tender Notice furnishes only details such as:-


- (i) Name of work with its location
- (ii) Approx. Cost of the work
- (iii) Cost of Tender form
- (iv) Address of the office from where the tender form can be purchased
- (v) Earnest Money to be deposited
- (vi) Completion period of the work
- (vii) Date & Time for submission of tender and opening of tender
- (viii) Website particulars and notice board location where complete details of tender can be seen etc.

The Railways need to be cautious while issuing notices and corrigendum/addendum which should invariably be published in all the concerned newspapers besides posting the same in the website/Notice Board of the office etc. where the original notice was pasted. The web-site should also specify a date up to which the tenderers may note updates/corrigendum/revised date of opening.

The Railways may also arrange to have all the notices including tender notices published on a fixed day in a week. For this, since the space requirement in newspapers will be in bulk, the Railway may negotiate for considerable reduction in the advertisement charges with the newspapers concerned.

This issues with the concurrence of Finance Directorate of the Ministry of Railways.

Please acknowledge receipt.


(T. GUPTA)
Executive Director Civil Engg(G)
Railway Board

No. 2008/CE-I/CT/21.

New Delhi, dated 5.03.2009.

Copy forwarded for information to:-

- 1.The FA & CAOs, All Indian Railways
- 2.The Deputy Comptroller & Auditor General of India(Railways), Room No. 224, Rail Bhavan, New Delhi(with 46 spares)


For Financial Commissioner/Railways

ANNEXURE-8

Government Of India (Bharat Sarkar)
Ministry Of Railways (Rail Mantralaya)
(Railway Board)

No. 2007/CE-I/CT/18 Pt.II

New Delhi, dated 30.07.2010

To

As per the list attached.

Sub : Empowerment of Field Organisation (Works Contract Matters)

Ref : Board's letter (i) No. 2007/CE-I/CT/18 Pt. dated 7.3.2008 &
(ii) No. 2007/CE-I/CT/18 Pt. dated 10.9.2008.

In terms of Para-4 of Board's letter referred at (i) above, CAOs/Construction have been empowered to reduce the tender notice period for small value works in rare exceptional circumstances from 21 days to 15 days with the concurrence of FA&CAO/C. The matter has been reviewed and it has been decided by Board to modify the above mentioned Para as under :

"In partial modification to Para 1238 (Tender Notice) of Engineering Code, it has been decided that CAO(C)/DRM are empowered to reduce the minimum tender notice period for small value tenders from one month to 21 days, wherever considered necessary without finance concurrence. Needless to say, this should be resorted to only after the bid document, site survey reports, plans etc. are ready and that such reduction in tender notice period does not restrict the level of competition.

Further reduction of this Tender Notice Period from 21 days (but not less than 12 days in any case) in rare exceptional circumstances in the case of small value works shall be exercised by CAO(C)/DRM with concurrence of FA&CAO(C)/FA&CAO. Reasons for such exceptional circumstances should be recorded.

It has also been decided that for the purpose of these instructions, works of value upto ₹50 lakh (rupees fifty lakh) shall be deemed as 'small value works'."

This issues with the concurrence of Finance Directorate of Ministry of Railways.


(Alok Kumar)
24.7.10

Executive Director Civil Engg.(G)/Railway Board

No. 2007/CE-I/CT/18 Pt.II

New Delhi, dated 30.07.2010

Copy forwarded for information to :

- (i) FA&CAOs, All Indian Railways.
- (ii) Deputy Comptroller & Auditor General of India (Railways), Room No. 224, Rail Bhavan, New Delhi (with 40 spare copies)


For Financial Commissioner/Railways

ANNEXURE-9

**GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)**

No.93/CE-I/CT/85

New Delhi, dated 09-05-94

Addressed to:

As per List attached.

Sub: - Tenders for works- Sale of tender documents.

During the course of Vigilance investigations, one instance has come to notice where tender papers had been dispatched in the nick of time by a short time-gap of 7 days including 2 weekly holidays prior to the opening date of tender, thereby restricting the wider scope of participation by a large number of Tenderers.

Instructions exist under Board's letter no.77/W.I/CT/40 dated 24-10-77 that the Railways should ensure availability of tender documents for sale immediately after the tender notices are published in the newspapers, in cases where tender notices are published much in advance, the date from which the documents would be available should be notified. The date since when tender documents should be made available for sale should not be less than 15 days prior to the due date of opening of tenders. Printed SOR should be made available to the fresh entrants on demand.

This procedure may be followed strictly, the intention being to allow sufficient/reasonable time to the prospective bidders to obtain tender papers and submit them in the normal course.

The receipt of the letter may be acknowledged.

**Sd/-
(Ved Prakash)
Executive Director, Civil Engg.(G)
Railway Board.**

ANNEXURE-10

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 93/CE-1/CT/11

New Delhi, dated ^{4.5.93}
~~4.93~~

Addressed to:

As per list attached.

Sub: Tender documents for works contracts.

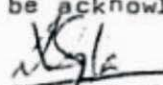
During the course of Vigilance investigations in a particular case, it was observed that Price Variation Clause had been included in the Contract Agreement executed by a Division on a certain Railway, even though in the original tender papers submitted by the successful tenderer, this clause was not appearing. The situation such as this, wherein the actual contract executed is at variance with the offer accepted, can lead to serious complications.

To overcome problems of this nature, the tender documents to be issued to a contractor should be properly secured to ensure that loose papers do not fall out and each page should be serially numbered from first to last. One copy of the booklet duly approved by the authority inviting tender should be kept on the tender file each page duly signed by the officer authorised. When the tender documents are issued to any contractor, the documents should be initialled on each page by the Section incharge, dealing with the tenders, thereby certifying that the documents being given to the contractor are not at variance with the approved copy.

Before the final contract agreement is executed, the agreement papers should be scrutinised to ensure that they correspond to the papers issued to the tenderer and submitted in the offer by him and there is no omission/addition to the papers which is not authorised by the accepting authority.

This procedure may be brought into effect immediately.

Receipt of the letter may be acknowledged.


(S.M. Singla)
Exec. Director, Civil Engg. (G)
Railway Board.

ANNEXURE-11

Government of India/Bharat Sarkar
Ministry of Railways/Rail Mantralaya
(Railway Board)

No. 87/WI/CT/65.

New Delhi, Dated: 13.1.1988

General Managers,
All Indian Railways.

including CLW, DLW, ICF, W&AP, MTP, Calcutta.

General Manager/Con.
N.F. Railway, Guwahati-11.

Al. ...
OSD, R.C.F., Kapurthala.

CAO/DCW, Patiala.

CAO/Central Railway, Bombay.

CAO/S.E. Railway, Visakhapatnam.

Sub : Rates for items of work.

In Para 12 of C&AG's Report of 1985-86(Railways), it has been brought out that on a certain Railway, in a contract for earth-work and bridges for a new line project, a new item for de-watering, not included in the original tender schedule, was required to be operated. The rate for this item was negotiated with the existing contractor, since bringing any other agency for this item was not considered feasible.

2. A Committee which negotiated the rate for this item based its recommendations on the accepted rate for the same item on another section of the project. No analysis of rate was made. It was also seen that the accepted rates for this item varied considerably in different sections and the Committee's recommendation was not based on any logical reasoning.

3. In the tenders for earth-work, the tenderers were required to quote their rates for soil, rock not requiring blasting and rock requiring blasting. However, in a few sections, some tenderers quoted the same rate

...2/-

: 2 :

for all the three items and, based on assumed quantities, their tenders were lowest and hence accepted. In actual execution, the quantities of rock not requiring blasting and rock requiring blasting were found to be much less than anticipated, resulting in vitiation of the tender acceptance and the element of avoidable expenditure arising from the same.

4. To avoid such exigencies, the Board desire that the practice of calling item-wise rates to be quoted by the tenderer should be avoided as far as possible. For items covered by the standard Schedule of Rates, tenders should be called for on the basis of a percentage above or below the Standard Schedule of Rates. Even for non-schedule items for which it is possible for the Railway to work out basic rates corresponding to the Standard Schedule of Rates, the tender schedule may be prepared giving the basic rates as thus worked out. On this, the tenderer may quote a percentage above or below these basic rates. With this system, the number of items for which the tenderer is required to quote item-wise rates of his own will be limited to a small number. Such items may be made into a separate tender schedule.

5. For any new item not included in the agreement but considered inescapable, the rates should be negotiated on the basis of a realistic analysis of the quantum of work involved.

This issues with the concurrence of Finance Directorate of the Ministry of Railways.

Please acknowledge receipt.

11A (H)

(V.S. Dutta)
Executive Director Works (P)
Railway Board

DA: Nil.

Copy to: 1. Principal, R.S.C. Vadodara.
2. Director, IRICEN/Pune, IRISER/Secunderabad,
IRIMES/Jamalpur.
3. FA & CAOs, All Indian Railways.

Copy to: A.D.A.I.(Railways), New Delhi - with 40 spares.

11A H

(V.S. Dutta)
Executive Director Works (P)
Railway Board

**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.

.....

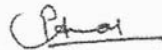
A Committee of experienced field officers of Engineering and Finance Departments, namely, Shri B.S. Sudhir Chandra, the then CAO(C), S.E. Railway, GRC, (now GM/Central Railway), Shri S.R. Ujlayan, CAO(C)/Northern Railway, Shri N. Krishnamurthi, FA&CAO, S.C. Railway, and Shri K.K. Verma, FA&CAO(T), Central 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. SUDHİR 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 :

<u>Class of Contractors</u>	<u>Select Committee Composition</u>	<u>Accepting Authority</u>
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.

ANNEXURE-13

**GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)**

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)

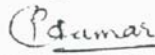
The recommendations as now approved would be applicable prospectively only as before and will preclude contracts which have already been entered into or have been called and are under process of finalization.

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.

Encl: as above (10 pages).

(Hindi version will be follow)


(Parmod Kumar) 17/10/2002
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.**

- 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 eligibility 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 than 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.

-1-

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(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.

APPROVED 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

- 3 -

- (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 :

<u>Class of Contractors</u>	<u>Selection Committee Composition</u>	<u>Accepting Authority</u>
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.

-5-

(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 QUOTATIONS

(2.7.4.1) Sub-para (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 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 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 09.07.85 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 schedule 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 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 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 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 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 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 discussions with the contractor will be dispensed with.*

ANNEXURE-14



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

No. 2013/CE-I/CT/O/20/PO/Pt.II(ii)

New Delhi, dated 26.11.2013

To,
As per list attached.

Sub : Power for calling Limited Works Tenders.

Ref : Board's Circular no. 2007/CE-I/CT/18, dated 28.09.2007.

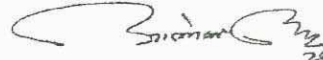
In supersession to Para 7 of the above-referred letter, Board (ME and FC) have decided to enhance powers for calling Limited Works Tenders, as follows :

SL	Monetary Slab for Limited Tender	Authority, Competent To Approve Calling Of Limited Tender
1.	Upto Rs. 37.5 lakh	J.A. Grade / S. Grade
2.	More than Rs. 37.5 lakh and upto Rs. 1.50 crore	S.A. Grade / DRM
3.	More than Rs. 1.50 crore and upto Rs. 7.50 crore	PHOD / CHOD

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

This issues with the concurrence of the Finance Directorate of the Ministry of Railways.

Please acknowledge receipt.


(आलोक कुमार)
26.11.13


कार्यकारी निदेशक/सिविल इंजीनियरिंग(जी)/रेलवे बोर्ड
[Phone : 030-44803 (Rly.); 011-23383379 (MTNL); 09910487302 (CUG Mobile)]
e-mail address : edceg@rb.railnet.gov.in

No. 2013/CE-I/CT/O/20/PO/Pt.II(ii)

New Delhi, dated 26.11.2013

Copy forwarded for information to :

- FA&CAOs, All Indian Railways.
- Dy. Comptroller and Auditor General of India (Railways), Room no. 224, Rail Bhawan, New Delhi (with 46 spare copies)


For Financial Commissioner / Railways

ANNEXURE-15

**GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)**

No.2007/CE-I/CT/18

New Delhi, dated 30.06.2009

Addressed to:-

As per list attached.

Sub:- Approved list of contractors – Eligibility criteria (works contract matters).

Ref:- Board's letters

- (i) No.2007/CE-I/CT18 dated 28.09.2007
- (ii) No.2003/CE-I/CT/4 Pt. dated 12/16.05.2006
- (iii) No.94/CE-I/CT/4 dated 17.10.2002
- (iv) No.94/CE-I/CT/4 dated 20.03.2002
- (v) No.94/CE-I/CT/4 dated 8/15.02.2002
- (vi) No.94/CE-I/CT/4 dated 22.10.2001
- (vii) No.88/CE-I/CT/74 dated 17.09.1997

Instructions have been issued from time to time vide letters referred above regarding monetary slabs for calling limited tenders, eligibility criteria, composition of selection committee, accepting authority etc. for enlistment of contractors in the approved list.

2. Board have reviewed the matter and have revised the eligibility criteria, composition of selection committee, accepting authority and also the amount of fee to be deposited by the contractor for registration in the approved list as indicated below:

Category of Contractor	Slabs as per Railway Board's letter dated 28.09.2007	Eligibility Criteria
Class 'C'	Upto Rs.25 lakh	(i) They should have an engineering organization with an Engineering Diploma holder having at least 3 years experience of relevant discipline. (ii) At the time of enlistment, they should have satisfactorily executed at least two works, each

Category of Contractor	Slabs as per Railway Board's letter dated 28.09.2007	Eligibility Criteria
		<p>individually costing not less than Rs.10 lakh.</p> <p>(iii) During the last 3 financial years, they should have received contractual payments of at least Rs.25 lakh.</p>
Class 'B'	More than Rs.25 lakh and upto Rs.1 crore	<p>(i) They should have an engineering organization with at least a graduate Engineer having a minimum of 5 years experience in relevant discipline and should maintain minimum compliment of transport equipments and construction tools and plants commensurate with the nature of works being done by them.</p> <p>(ii) At the time of enlistment, they should have satisfactorily executed at least two works each individually costing not less than Rs.25 lakh.</p> <p>(iii) During the last 3 financial years, they should have received contractual payments of at least Rs.1 crore.</p>
Class 'A'	More than Rs.1 crore and upto Rs.5 Crore.	<p>(i) They should have an engineering organization with at least a graduate Engineer having a minimum of 10 years experience plus an engineering diploma holder having a minimum of 5 years experience in relevant discipline and should maintain a minimum compliment of transport equipments and construction tools and plats commensurate with the nature of works being done by them.</p> <p>(ii) At the time of enlistment, they should have satisfactorily executed at least two Civil Engineering works, each individually costing not less than Rs.1 crore.</p> <p>(iii) During the last 3 financial years, they should</p>

Category of Contractor	Slabs as per Railway Board's letter dated 28.09.2007	Eligibility Criteria
		have received contractual payments of at least Rs.5 crore.

3. The composition of the selection committee and accepting authority for registration of contractors is shown in the table below:

Category/slab	Composition of Selection Committee	Accepting Authority
'C' Upto Rs.25 lakh	Two JAG officers (one each from Executive Department and Finance Department)	DRM in the case of Division/SAG officer of the Executive Department in offices other than Division.
'B' More than Rs.25 lakhs and upto Rs.1 crore	Two JAG officers (one each from Executive Department and Finance Department)	DRM in the case of Division/ SAG officer of the Executive Department in offices other than Division.
'A' More than Rs.1 crore and upto Rs.5 Crore	Two SAG officers (one each from Executive Department and Finance Department)	PHOD

4. The above, inter alia, covers the following aspects and modifications of Para 1215 E & 1216

E:

- (i) No work or supply should ordinarily be entrusted for execution to a contractor whose capability and financial status has not been investigated before hand and found satisfactory.

- (ii) Once in 3 years by giving wide publicity through advertisements etc., intending contractors may be invited to register themselves for different classes.
- (iii) Where required, capacity of the intending contractors to execute works satisfactorily as an independent and competent agency, their financial capability for satisfactory execution of railway works, field of specialization, past experience, ability to supervise the works personally or through competent and qualified/ authorized engineers/supervisors, be examined and investigated expeditiously prior to their enlistment.
- (iv) An annual fee of Rs.2000/- should be charged from such registered contractors to cover the cost of sending notices to them and clerkage for tenders, etc.
- (v) The "list of Approved Contractors" be treated as confidential office record and individual names of contractors on the list should not be made known to other contractors. It should be maintained upto date in a neat and unambiguous manner.
- (vi) 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.
- (vii) 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.
- (viii) There will be separate Approved Lists for the Open Line and the Construction Organizations for each identified category of work.
- (ix) In Open Line, Approved Lists for Classes "B" & "C" will be maintained Division-wise and for Class "A" there will be one common list for the Railway as a whole. In the Construction Organization, Approved Lists for Classes "B" & "C" 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.
- (x) For registration in the approved List, the contractor should furnish a non-refundable fee of Rs.15000(Rupees fifteen thousand only), Rs.20000 (Rupees twenty thousand only) and Rs.30000(Rupees thirty thousand only) respectively for registration under Category "C", "B" & "A".

(xi) This facility of Standing Earnest Money has been done away with.

5. This is in supercession of letters No.88/CE-I/CT/74 dated 17.09.1997, Nos.94/CE I/CT/4 dated 22.10.2001, 8/15.2.2002, 20.3.2002 & 17.10.2002 referred to at item (iii) to (vii) above.

6. This issues with the concurrence of Finance Directorate of Ministry of Railways.

Please acknowledge receipt.

Sd/-
(T.GUPTA)
Exec. Director, Civil Engg.(G)
Railway Board.

ANNEXURE-16

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS,
RAILWAY BOARD.

No.88/CE1/CT/74

New Delhi, dt.12-5-1989.

The General Managers,
All Indian Railways including
CLW, DLW, ICF & MTP, Railways,
Calcutta.

The Chief Administrative
Officer, MTP/Railways, at
Bombay & Madras.

The Chief Project Officer,
MTP/Railways, Delhi.

The Chief Admn. Officer(Con.)
Southern Railway,
18, Millers Road, Bangalore.

The Chief Admn. Officer (Con.)
South Eastern Railway,
Waltair.

The Director General,
R.D.S.O., Lucknow.

The General Manager,
Wheel & Axle Plant, Bangalore.

The General Manager (Con.),
N.F. Railway, Guwahati.

The Officer on Special Duty,
Rail Coach Factory, Kapurthala.

The Chief Admn. Officer,
DCW, Patiala and COFMOW,
New Delhi.

The General Manager,
Central Organisation,
Railway Electrification,
Allahabad.

The Director, IRICEN, Pune
IRISET, SECUNDERABAD,
IRMEE, Jamalpur,
IRIEEN, Nasik.

The Chief Admn. Officer(C)
N.F. Railway, Guwahati.

The Principal,
Railway Staff College, Baroda.
I.R.I.C.E.N., Pune.

The F.A. & C.A.O.,
All Indian Railways.

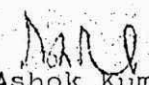
Sub: LIMITED TENDERS

Railways have been empowered to invite limited tenders from approved constructors, for works upto Rs 20 lakhs for both Open Line/Construction Projects vide Board's letter No. 83/W1/CT/14/Policy dated 30.3.87 subject to the fulfilment of conditions laid down therein. During the course of Vigilance checks it has been observed that the system of calling limited tenders is being manipulated in some cases resulting in favouritism & Railways not getting the benefit of the reasonable rates. In order to safeguard against mis-use/manipulation, the following instructions should be scrupulously followed:-

.....2/-

- (i) Limited Tenders may be invited from all the contractors, borne on the approved list and not restricted to 10 number of contractors. Exception may be made where the previous record of the contractor has not been satisfactory but the reasons thereof should be recorded in writing.
- (ii) The Tender Notices should be sent by Registered post or under Certificate of posting or handed over to the parties concerned and their clear acknowledgement obtained.
- (iii) To check reasonableness of the rates, it is not merely enough to compare the same with the previous accepted rates, especially if the previous tenders happens to be a limited one. A check of the current market rate and rate analysis may also be undertaken to establish reasonableness of the rates.

In this connection attention is also invited to Board's letter No. 83/W1/CT/14/Policy dated 4.4.89 wherein it was clarified that there is no restriction on calling of open tenders even in case of works costing less than 20 lakhs and that calling of open tenders for such works, from time to time, would be advantageous to test the market and hold the rates in check.

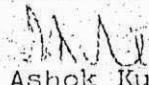

(Ashok Kumar)
Exe-Director, Civil Engg. (G)
Railway Board

No.88/CE1/CT/74

New Delhi, dt. 12-5-1989.

Copy forwarded for information and necessary action to:

1. The A.D.A.I.(Railways), New Delhi(with 40 spares)
2. The Director of Audit, All Indian Railways.


(Ashok Kumar)
Exe-Director, Civil Engg. (G)
Railway Board

Copy to:

RS(G), Elec.Vig.II, F(X)I & II. JDEE, JDRE, JDW, EAD(Track), EDCE(P), EDV, ED(LM), EDRS, ED(Track), OST(MTP), EDEE, EDREED(W) for information.

ANNEXURE-17

Copy of Railway Board's letter No. 83/W-1/CT/14(Policy) dt. 4.4.89 from Arimardan Singh, Director, Director, Civil Engg. (G), Railway Board, addressed to All General Managers, All Indian Railways.

Sub:- Decentralisation of powers in regard to works contracts on the basis of 'Limited Tenders.'

Guidelines were issued in regard to inviting of limited tenders for works contracts vide Board's letter of even number dated 13.3.84 and further amended vide Board's letters of even Number dated 30.3.87 and 8.4.88. A doubt has since been raised as to whether the limited tender system for works costing upto Rs. 20 lakhs is invariably to be adopted in each case by the respective competent authority.

2. In this connection, attention is invited to para 1214 (Advance Correction Slip No. 2-E) according to which Limited Tenders are to be invited only when it is considered advantageous to do so. It is clarified that there is no restriction on calling open tenders even in the case of works costing less than Rs. 20 lakhs. As a matter of fact calling open tenders for such works from time to time would be advantageous to test the market and hold the rates in check.

3. This issues with the concurrence of the Finance Directorate of the Ministry of Railways.

ANNEXURE-18

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No.94/CE.I/02/4

New Delhi, dated 17 .9.97

Addressed to:

As per list attached.

Sub: Procedure for inviting tenders and
awarding works contracts.

.....

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. Bakshi)
Executive Director, Civil Engg. (C)
Railway Board.

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

1) 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.

3) PROCESSING OF TENDERS:

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

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.S3/W.1/14/Policy dt. 4.4.89

4) APPROVED LIST OF CONTRACTORS:

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

5) ELIGIBILITY CRITERIA FOR AWARDED 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.17.9.95. However, for smaller works, the Tender Committee should ascertain the credentials.

6) HOLDING OF NEGOTIATIONS:

Negotiations should be properly resorted to. However, when negotiations are resorted to, tenderers should be properly briefed by **SUPERSEDED BY ANNEX. 10-A.** Various 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

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 LRM upto tender value of Rs.50 lakhs, RMD 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.

Contd....3/-

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 INELUCAPABLE, rate should be derived from the items included in the Standard SCR where new items vary marginally from standard SCR 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 SCR AND QUOTING OF RATES:

(i) SCR 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 SCR for various Chapters by grouping them suitably, including the money value.

(ii) All Railways should update their SCRs 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/CI/30 dated 7.7.94 permitting calling of tenders with contractor's cement and steel.

Contd.....4/-

13) CALLING OF TENDERS ON LUMP SUM 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 proc. consultants to check the design & drgs. submitted by the contractors at various stages of the work. To facilitate interim 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.

5) 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....b/-

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/CL.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-termites 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 adhere to the action taken on the observations/instructions given by the supervisory staff/officers in the Site Order Book.

20) TESTING OF BUILDING MATERIALS:

- (i) Regular testing of building materials such as bricks, sand, aggregates, 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 contractor 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, MS, 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.

ANNEXURE-19

Copy of letter NO.71/RS(G)/777 dated 01.08.1981, from Shivendra Kumar, Joint. Director, Railway Stores (IC), Railway Board, New Delhi, addressed to G.Ms.

Sub: Non-acceptance of late/delayed/post tender offers. 1. Reference Ministry of Railways letter NO.59/77/RS(G) dated 04.05.60

Wherein the General Managers were authorized to accept "Late Tenders" subject to certain conditions. These powers was also delegated to HODs vide Board's No.F(X)IX/62-PW 4/3 dated 09.03.64 and Noj.71/RS(G)/777 dt.01.09.71. 2. The matter has been reviewed and it has been decided that late tenders/delayed tenders/post tender offers should be totally rejected.

ANNEXURE-20

Government of India / Bharat Sarkar
Ministry of Railways / Rail Mantralaya
(Railway Board)

.....

No. 83/W1/CT/17.

New Delhi, dated 30-7-1984.

The General Managers,
All Indian Railways, including CLW, DLW, ICF &
MTP(Railways) at Calcutta.

The Chief Administrative Officers,
MTP(Railways) at Bombay and Madras.

The Chief Project Officer, MTP(Rlys)/Delhi.

The General Managers (Con.),
Southern Railway/Bangalore and N.F.Railway/Gauhati.

The General Manager, Wheel & Axle Plant/Bangalore.

The Director General,
R.D.S.O./Lucknow.

The Chief Engineer, Rly. Electrification, Allahabad.
The C.A.O./Diesel Component Works, Patiala.

Sub: Non-acceptance of late/delayed/post
tender offers.

Para 1251 of the Indian Railways Code for
the Engineering Department (Revised Edition - 1982)
stipulates that "for dealing with 'Delayed' and 'Late'
tenders separate instructions as issued by the Railway
Board from time to time should be followed."

2. In the Board's letter No. 71/RS(G)/777 dated
1.8.81 (copy enclosed), it was clarified that late
tender/delayed tender/post tender offers are not to be
considered and are to be totally rejected. These
instructions apply equally to works tenders also.

3. Recently Board have reconsidered the matter -
and have further clarified in their letter No.71/RS(G)/777
dated 19.4.84 (copy enclosed) that notwithstanding the
general ban, late tenders received from established/reliable
suppliers conferring a substantial financial advantage can
be considered by the Railway after obtaining Board's
approval in each case.

4. Receipt of this letter may please be acknowledged.

D.A./as above.

(M.M. Goyal)
Addl. Director, Civil Engg.,
Railway Board.

Copy for information to:-

W-2, W-3, W-4, W-5 & W-6, Track, Elect., R.S.(G), F(X)II
and Vig.III, Branches/Railway Board.

ANNEXURE-21

**GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)**

No.2007/CE-1/CT/18

New Delhi, 7th March, 2008

To,
As per list attached.

Sub:-Empowerment of Field Organizations (Works Contract matters).

Ref:- Board's letter No. i) 2003/CE.I/CT/4/Pt.1 dated 12/16.05.2006

- ii) 72/W-I/CT/12 dated 11.3.1981**
- iii) 94/CE.I/CT/4 dated 17.10.2002**
- iv) 94/CE.I/CT/4 dated 17.09.97**
- v) 2007/ CE.I/CT/18 dated 28.09.2007**
- vi) F(X)II/2006/PW/17 dated 04.12.2006**

Subsequent to the issue of Board's letter dated 28.9.07 cited as reference (v) above, Board have reviewed certain aspects of existing works contract management practices for the purpose of further empowerment of field organizations in works contract matters. Accordingly, certain existing clauses in GCC have been modified and certain new clauses have been introduced as detailed below:-

1. Stage Payment on supply of steel in the Works Contract.

As per the existing procedure, payment for steel supplied by a works contractor is generally arranged only after actual usage of steel in the work. However, it has now been decided that where considered necessary by CAO/C in contracts of value more than Rs.15 crore each, a suitable clause for making stage payment for steel physically brought by the contractor to the site (even before its actual use in the work), may be incorporated as part of the tender conditions. This clause, inter alia, should cover the following aspects:-

- a) The material shall be strictly in accordance with the contract specifications.
- b) The tender schedule shall provide for individual NS rate to be quoted by the tenderers for steel separately.
- c) The material shall be delivered at site and properly stored under covered sheds in measureable stacks.
- d) The quantities of materials shall be brought to the site only in such installments that would facilitate smooth progress of work and consumed in reasonable time.

- e) Proper accountal in the material register to be maintained in the prescribed format at the site for the receipt and use of the material.
- f) Ownership of such material shall be deemed to vest with the Railways for which the contractor should submit an indemnity bond in prescribed format.
- g) Before releasing the stage payment, the contractor shall insure the material at his own cost in favour of Railways against theft, damages, fire etc.
- h) Stage payment in all such cases shall not be more than 75% of the rate of steel awarded in the contract. The balance payment shall be released only after the material is actually consumed in the work.
- i) The price variation claim for steel would continue to be governed as per extant PV clause and with reference to delivery at site.

2. Security Deposit

As per the Board's letter No.2003/CE.I/CT/4/Pt.1 dated 12/16.05.2006, following conditions for security deposit was prescribed:

"Unless otherwise specified in the special conditions, if any, the Security Deposit/Rate of recovery/Mode of recovery shall be as under:-

- (a) Security Deposit for each work should be 5% of the contract value,
- (b) The rate of recovery should be at the rate of 10% of the bill amount till the full security deposit is recovered,
- (c) Security Deposit will be recovered only from the running bills of the contract and no other mode of collecting SD such as SD in the form of instruments like BG, FD etc. shall be accepted towards Security Deposit.

Security Deposit shall be returned to the contractor after the physical completion of the work as certified by the Competent Authority. The Competent Authority shall normally be the authority who is competent to sign the contract. If this competent Authority is of the rank lower than JA Grade, then a JA Grade Officer (concerned with the wok) should issue the certificate.

The certificate, inter alia, should mention that the work has been completed in all respects and that all the contractual obligations have been fulfilled by the contractors and that there is no due from the contractor to Railways against the contract concerned. Before releasing the SD, an unconditional and unequivocal no claim certificate from the contractor concerned should be obtained".

In partial modification to the above instructions, it has now been decide that:-

- (i) After the work is physically completed, security deposit recovered from the running bills of a contractor can be returned to him if he so desires, in lieu of FDR/irrevocable Bank Guarantee for equivalent amount to be submitted by him.
- (ii) In case of contracts of value rs.50 crore and above, irrevocable Bank Guarantee can also be accepted as a mode of obtaining security deposit.

3. Two Members Tender Committee for tenders of value of Rs.20 lakh and less each.

In partial modification of Board's letter No.72/W-I/CT/12 dated 11.3.1981, it has been decided that for Works Tenders of value upto Rs.20 lakh, the Tender Committee shall hereafter be constituted with only two Mebers out of which, one should essentially be from the Accounts Deptt. And the other from the concerned Executive Deptt. However, the existing practice of three member Tender Committee will continue to be applicable for tender of value more than Rs.20 lakh each.

4. Minimum Tender Notice Period for contracts of small value.

In partial modification to para 1238 of Engineering Code, it has been decided that CAO/C/DRM be empowered to reduce the minimum tender notice period of one month to 21 days where considered necessary without Finance concurrence. Needless to say, this should be resorted to only after the bid document, site survey reports, plans etc. are ready and that such reduction in Tender Notice period does not restrict the level of competition. Further, reduction of this Tender Notice period from 21 days (but not less than 15 days in any case) in rare exceptional circumstances in the case of small value works shall be exercised by CAO/C with the concurrence of the FA&CAO/C.

5. Eligibility Criteria for Works Tenders.

In partial modification to para 2.3.4.1 and 2.3.4.2 of Board's letter No.94/CE-I/CT/4 dated 17.10.2002 and subsequent amendments thereon, Board have reviewed the eligibility criteria that are presently adopted and have decided as under:-

The existing eligibility criteria may normally be taken as a general guideline for adoption in works tenders. However, in case of special circumstances, warranting some relaxation in the eligibility criteria, CAO/C with the personal concurrence of FA&CAO/C may effect relaxation in the existing eligibility criteria prescribed in para 2.3.4.1 and 2.3.4.2 of Board's letter dated 17.10.02 referred above, and subsequent amendments

thereon. This relaxation would need personal approval of CAO/C and exercise of this power shall not be re-delegated. Moreover, these powers shall be exercised judiciously duly recoding the special circumstances surrounding the tender in question and not in a routine manner.

6. Incentive Bonus Payment Clause.

Considering the need of early and time bound completion of throughput enhancement works primarily those coming under the Plan Heads 'Doubling' and Traffic Facilities', it has been decided to introduce an Incentive Bonus Payment Clause as part of tender conditions in tenders relating to such throughput enhancement works. This clause, inter alia, should cover the following parameters:

- (i) The incentive bonus payable shall not be more than 1% of the initial contract value or revised contract value whichever is less for every one month of early completion ahead of the original completion period or revised completion period whichever is less.
- (ii) The maximum incentive payable shall not be more than 6% of the original contract value or revised contract value whichever is less.
- (iii) This incentive scheme shall not apply if extension to the original completion period is given irrespective of on whose account (Railways account or contractors account).
- (iv) Period less than a month will not be reckoned for the incentive bonus calculation.

7. Adoption of Two Packet System of tendering for high value contracts.

Instructions already exist vide Board's letter No.94/CE-I/CT/4 dated 17.09.97 for adopting two packet system of tendering for large value works. These instructions are again reiterated and Railways may follow two packet open tender system instead of resorting to single packet open tender for high value tenders. The Railway may also resort to prequalification tender to avoid delays in verification of credentials of contractors.

6. Single Tender

As per Engineering Code para 1214-A, General Managers are empowered to award contracts on single tender. In partial modification to this para, it has now been decided to empower CAO/C with the personal concurrence of FA&CAO/ C to float and finalize single tenders of value not more than Rs.2 crore each only for the purpose of early completion of last mile of throughput enhancement works relating to 'Doubling' and 'Traffic Facility' plan heads. Tender Committee in all such cases would be at SAG

level with acceptance by CAO/C. The exercise of this power would be done personally by CAO/C with the personal concurrence of FA&CAO/C.

9. Application of Mobilization Advances Clause and Interest Rate for Mobilization advances

The rate of interest on advances extended by Railways to contractors was downwardly revised to 14% vide Board's letter No.2007/CE-I/CT/18 dated 28.09.2007. On a further review of this clause, Board have decided as under:-

a) The interest rate applicable to mobilization advance is further reduced from 14% to 12%.

b) The mobilization advance clause henceforth be restricted only to high value tenders of value Rs.10 Crore and above each.

10. Amendment to Price Variation Clause in Works Contract.

In partial modification to item 2 (iii) of Board's letter No.2007/CE-I/CT/18 dated 28.09.2007, it has been decided to delete the existing lower limit of 5% for disallowing the PV claim.

10. Part Estimate

In partial modification to item 40(5) of Board's letter No.F(X)II/2006/PW/17 dated 04.12.2006, GMs are now authorized to sanction part estimate costing upto 2% of the total value of the work, as originally sanctioned in the budget to incur expenditure towards preliminary activities viz., FLS, Geotechnical Studies, Design, Preparation of Plans, Drawings etc.

These modified clauses/provisions shall be applicable with prospective effect in all future works contracts.

This issues with the concurrence of Finance Directorate of Ministry of Railways.

Sd/-
(T.Gupta)
Executive Director Civil Engg.(G)
Railway Board

ANNEXURE-22

**GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
RAILWAY BOARD**

No. F(X)II-2014/PW/1

New Delhi, dated: 01/01/2015

**The General Managers,
All Indian Railways,
Including CLW, DLW, ICF, RCF & Rail Wheel Factory.
Metro Railway, Kolkata**

**The General Manager (Const.),
N.F. Railway, Guwahati.**

CAOs (Constn), All Indian Railways (except NF Railway)

**The Director General and Ex-Official General Manager, RDSO, Locknow.
The General Manager,
Central Organisation for Rly. Electrification, Allahabad.**

CAO, MTP/Mumbai.

CAO/DLMW, Patiala and COFMOW, New Delhi.

Sub: Delegation of Powers for acceptance of contracts.

Ref: Board's letter no. F(X)II/2014/PW/1 dated 21.03.2014.

Ministry of Railways has decided that all the cases for acceptance of Works and Stores tenders which as per extant delegations are to be referred to Railway Board by Zonal Railways/Production Units may now be dealt with and finalized by Zonal Railways/Production Units. Full powers have been delegated to General Managers/Director Generals as tender accepting authority in this regard. This power will be exercised by General Manager and will not be further delegated.

This has sanction of the President.

(Sunil Kumar)
Director/Finance (Exp.)II
Railway Board.

ANNEXURE-23



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

No. 2007/CE-I/CT/O/20/1

New Delhi, dated 08.10.2015

To,
As per list attached.

Sub : Power of acceptance of Works Tenders

- Ref :** (i) Railway Board's circular No. 2007/CE-I/CT/13, dated 27.08.2013
(ii) Railway Board's circular No. 2007/CE-I/CT/13 (i), dated 26.11.2013
(iii) Railway Board circular F(X)II-2014/PW/1, dated 01.01.2015

Vide Board's letter under reference (iii) above, Ministry of Railways delegated full powers to General Managers for acceptance of Works Tenders.

2. The matter has been examined further in Railway Board and in supersession to earlier letters vide ref (i) and (ii) above, Ministry of Railways have decided to further sub-delegate these powers for acceptance of Works Tenders, in respect of sanctioned works, as indicated below:

SL	Power of Acceptance of Works Tenders (For Each Contract)	Accepting Authority
1.	Upto Rs. 4 crore	S. Grade / J.A. Grade
2.	Above Rs. 4 crore and upto Rs. 20 crore	SAG/DRM/ADRM/CWM
3.	Above Rs. 20 crore and upto Rs. 75 crore	CHOD in SA Grade
4.	Above Rs. 20 crore and upto Rs. 100 crore	AGM/ PHOD in HAG
5.	Above Rs. 20 crore and upto Rs. 300 crore	CAO/Const.
6.	Above Rs. 20 crore and upto Rs. 50 crore (For National Projects of NE Region & for Kolkata Metro)	CAO/Const.
Note-Where no AGM is posted, such tenders shall also be accepted by GM		

3. This issues with the concurrence of Finance Directorate of the Ministry of Railways.

4. Please acknowledge receipt.

Sd/-

(आलोक कुमार)

कार्यकारी निदेशक/सिविल इंजीनियरिंग(जी)/रेलवे बोर्ड
[Phone : 030-44803 (Rly.); 011-23383379 (MTNL); 09910487302 (CUG Mobile)]
e-mail address : edceg@rb.railnet.gov.in

ANNEXURE-24

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

....

NO.88/CE.I/CT/76

New Delhi/dt.23.12.88

The General Managers,
All Indian Railways including
CLW,DLW,ICF & MTP Railways
Calcutta.

The Chief Admn.Officers,
MTP/Railways at Bombay and
Madras.

The Chief Project Officer,
MTP/Railways, Delhi.

The Chief Admn.Officer(Con),
Southern Railway/Madras

The Chief Admn.Officer(Con.),
S.E.Railway/Waltair.

The General Manager(Con.),
N.F.Railway/Guwahati.

The Director General,
RDSO,Lucknow.

The Officer on Special
Duty,Rail Coach Factory,
Kapurthala.

The Chief Admn.Officers,
DCW/Patiala and
COFMOW/New Delhi

The Director,
IRICEN|Pune,
IRISBT|Secunderabad,
IRMEE|Jamalpur,
IRIBEN|Nasik.

The Principal,
RSC/Baroda.

Sub: Constitution of Tender Committee and acceptance
of Tender.

Ref: Board's letter No. 72/W1/CT/12 dt.11.3.1981.

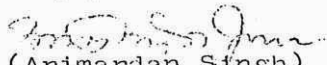
.....

In para(4) of Board's letter referred to above, it was inter-alia laid down that in case, for certain reasons, the officer competent to accept the tender had to be a member of the Tender Committee, the recommendations of the Tender Committee should be put up for acceptance either to his colleague or to his next superior officer.

In supersession of these instructions, Board have now decided that consequent to this posting of ADRM's on all the divisions in all such cases Tender Committee recommendations should be put up to next higher authority for acceptance and practice of putting T.C.recommendations to colleagues should be discontinued with immediate effect.

The receipt of this letter may please be acknowledged.

DA:nil


(Arimarden Singh)
Director,Civil Engineering(G),
Railway Board

Copy to:-

EDW,EDRE,EDEE,OSD(MTP),ED(Track),EDRS,EDLM,EDV,EDCE(P),
EAD(Track),JDW,JDRE,JDEE,JDVE(I), JDVE(II),F(X)I,F(X)II,
Elect,RS(G),LM(B),W.I,W.II,C.E.II,Track,Vig.III Branch
(with 5 spares).

ANNEXURE-25

**GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)**

No.2000/CE.I/CT/1 Pt.

New Delhi, dated 24-8-2000.

**Addressed to:
As per list attached.**

Sub: Timely settlement of Tenders.

An extract of directions received from Hon'ble Minister of Railways in regard to timely settlement of tenders is reproduced below for necessary compliance:

"Despite repeated instructions on the file, I am observing that tender files are getting considerably delayed before it is put up to the competent authority, after bids are opened. I would like all the tender files to be put up to the appropriate authority for final decision within 3 months of the receipt of offers. All concerned may be advised to adhere to this time limit strictly."

**Sd/-
(MR) 18.6.2000**

Please acknowledge receipt.

**Sd/-
(Madan Lal)
for Exe. Director, Civil Engg.(G)
Railway Board**

Copy to: 1) FA&CAO(C), All Indian Railways.
2) FA&CAO, All Indian Railways.

Copy of letter No.72/WI/CT/32 dated 14th May,1974 addressed to the General Managers, All Indian Railways, issued by the Ministry of Railways (Railway Board) New Delhi.

Imposing restrictions on submission of separate tenders by two or more firms owned or controlled by one or same group of persons.

The question of imposing restrictions on submission of separate tenders by contractors/firms in different names but owned and controlled by one or same group of persons had been under consideration of the Board in consultation with the Legal Advisor as in one case, two firms in different names but under the same management enjoyed undue advantage in the absence of any other valid tender. The Board is of the view that it may not be appreciated to impose restrictions on such firms having different names, but under the same management in the matter of submission of tender for the same work. However, if for any work, a group of persons/firms with different names, but controlled by same management were to be the only valid Tenderers, they do get an undue advantage in the absence of any other Tenderers in the field. The extant instructions do envisage that credentials, partnership deeds, etc. of the Tenderers/firms should be examined by the Tender Committee prior to consideration of their tenders. Such an examination, if carried out, will no doubt, reveal whether the various Tenderers are different persons or though different in names, controlled/managed by the same group or individuals. In other words, the tender committee should ensure that real fair competition exists in response to the tender notice before they recommend acceptance of one of the tenders.

In view of the above, it should be ensured that no undue advantage accrues to a group of persons/firms controlled by the same management, should they alone be in the field of competition in response to open tender.
Receipt of this letter may please be acknowledged.

ANNEXURE-27

Copy of letter No. 63/747/29/ Track dt. 5.7.68 from Director, Civil Engineering, Railway Board, New Delhi to the General Manager, All Indian Railways.

Sub:- Incorrect Assessment of time in the assembly and erection of Girders.

A case has come to the notice of the Board where a Tender Committee, at the time of dealing with tenders for imported bridge girders, did not assess correctly the time likely to be taken in the transport to the site, assembly and erection of the girders after their shipment from a foreign port. Allowing a very short time schedule for these, the Tender Committee accepted an earlier delivery date from a contractor who quoted a higher rate. On account of the longer time taken in transporting the bridge girders to the site and its erection, the advantage of the earlier delivery date could not be fully realised. This led the Audit to question the wisdom of the Tender Committee in accepting a higher rate when the original time schedule for opening the Bridge could not be adhered to in actual practice. The Board desire that in accepting conditions particularly in cases involving extra payment, a realistic and practical assessment of the full utilisation of the benefit should be worked out and adhered to.

ANNEXURE-28

Copy of letter No.63-TGII/6 dated 13th September 1963 from Dy. Director, C.T.I.C., Railway Board, New Delhi, addressed to General Managers, All Indian Railways etc.

Sub : Scrutiny and the evaluation of goods handling rates quoted by the Contractors at the time of tender.

In continuation of Board's letter No.61-B(C)/N/27 dated 1st March 1962, the Board desire to elucidate further the background against which the need for vigilance in scrutinizing the tender documents and evaluating the reasonableness of the rates quoted by handling contractors against each of the items of work was emphasized, As Railways are aware it is not an unusual feature that abnormally high rates are quoted occasionally by tenderers for specific items of handling work, where the quantities of work either nil or normal. Such items of abnormal rates probably get ignored in assessment because the quantum of work estimated on the specific items involve comparatively small or negligible quantities of work or because an overall view is taken of the contract as a whole on the basis of the total financial evaluation. It may be mentioned in this connection that in a recent case brought to the notice of the Public Accounts Committee through an audit paragraph it was noticed that the rates quoted by a handling contractor, which were adjudged to be the lowest, inter alia, included a rate of Rs.75 per Meter Gauge wagon for an item (where the quantum of work was omitted to be indicated in the schedule to the tender notice) as against the rate Rs.6.75 and Rs.8/- quoted by two other tenders. The contractor who had knowledge of the work involved by virtue of his having held the contract in the past, evidently took advantage of the lacuna and quoted this abnormally high rate. In the particular case, the contract was awarded on the basis of overall financial evaluation on estimated quantities in terms of Broad Gauge wagon only, for which a lower rate of only Rs.5 was quoted. Since the quantum of Meter Gauge work had been included under Broad gauge the rate of Rs.75 per Meter Gauge wagon did not separately figure in the evaluation of the tenders. When the actual work handled turned out to be in terms of Meter Gauge wagons, the contractor had naturally to be allowed the unintended benefit, of the higher rate. It would be appreciated that in respect of tenders such as for the Transshipment work the quantum of estimated work is liable to vary due to factors such as change in pattern of traffic, diversions due to operation reasons, accidents, breaches etc. In such contingencies the abnormally high rates might become operative to a greater extent than originally foreseen with the result that Railways run a considerable risk of unintended payments on the basis of such rates. It is, therefore, necessary the Railway Administrations should scrutinize the rates of individual items at the time of examining the tenders and be satisfied on their reasonableness, irrespective of the quantum of traffic at that time. The Board therefore desire to reiterate the instructions already issued in their earlier letter dated 1st March 1962 that in the matter of evaluation and consideration of tender documents, particular care should be taken to ensure that the rates quoted for individual items are realistic and are not abnormal and unreasonable in respect of any item of work.

ANNEXURE-29

Copy of letter No.71/W1/CT/42 dt.17.11.72 from Director, Civil Engineering, Railway Board/ New Delhi to GMs/All Indian Railways CLW, DLW & ICF.

Scrutiny and evaluation of tenders by the Tender Committee.

A case has come to Board's notice in which the Tender Committee constituted by a Zonal Railway considered and evaluated the tender based on the overall value and recommended the lowest tenderer. This tenderer had actually quoted an abnormally high rate for one item of work but the tender committee failed to detect the same as they evaluated the tenders on the overall value. The high rate for the specific item of work in question subsequently came to the notice of the Administration during execution of the work when the Railway administration asked the contractor not to execute this item of work. The contractor sought for arbitration and the Administration had to defend its stand before the Arbitrator. This situation would not have arisen, had the Tender Committee scrutinized the individual rates carefully at the time of recommending the tenders.

2) With a view to avoid recurrence of cases of this nature, Board desire to reiterate that while evaluating tenders the tender documents should be carefully scrutinized particularly to ensure that the rates quoted for individual items are realistic and are not unreasonable in respect of any item of work. It is the responsibility of the Tender Committee to scrutinize carefully the tendered rates. The attention of the Railway administration is drawn once again to the need for checking units, rates and quantities of all the individual items in the tenders carefully, while evaluating the tenders. In this connection attention is also invited to Board's Circular letter No. 61-B(C)-N/27 dated 1-3-62 and No. 63-TGII/6 dt. 13-9-63 and recommendation No.21 of the "Report of Study Team on elimination of Lacunae and improvement in procedure" construction and supplies" circulated under Board's letter No.65/Vig I/1/102 dt.19.3.72.

3)It also came to the notice of the Board that in this particular case, no briefing note was submitted to the Tender Committee indicating the last rates for similar works. In this connection attention is invited to Board's circular letter No. 61/W5/LCT/51 dt. 21-1-67 and recommendation No. 19 of the "Report of the Study Team on elimination of Lacunae and improvement in procedure" Construction and supplies" circulated under Board's letter No. 65 Vig.I/1/102 dated 19-3-1971, wherein it has been enjoined that along with the tabular statement of tenders for the consideration of the Tender Committee, a short briefing note should be furnished for their information indicating the last accepted rates for similar works in that area, analysis of financial standing, technical competence and capacity of contractor etc. The Board desire that these instructions should be rigidly complied with.

4) Receipt of this letter may please be acknowledged.

ANNEXURE-30

GOVERNMENT OF INDIA (BHARAT SARKAR)
MINISTRY OF RAILWAYS (RAIL MANTRALAYA)
(RAILWAY BOARD)

No:87/RS(G)/777/3.

New Delhi, dated: 6.7.1987.

To

The General Managers,
All Indian Railways and P.Units.

Sub:- Procedure for dealing with tenders
by the Tender Committee.

Tender Committees have a vital role to play in deciding the action on tenders received for procurement of material and execution of works. In accordance with the extant procedure, after the tenders are opened, a detailed comparative statement and a briefing note (in the case of works tenders) are to be prepared by the Stores/Technical Department and vetted by the Accounts Department. The convenor of the tender committee (who has to be from the Department that called the tenders) has to fix date(s) in consultation with other members for holding meeting(s) for a joint and thorough discussion of the offers received, and framing recommendations for the accepting authority. The recommendations of the tender committee are to be put up direct to the accepting authority, without further recommendations or comments from anyone.


2. It has come to the notice of the Board that, in some cases, the above mentioned procedure is not being followed. The tender committee members do not meet to deliberate on the offers and to arrive at common recommendations. Instead, the minutes are framed by the convenor or some other member (or even by some officer or staff under them) without any meeting and mutual consultations. These are then sent to the other members of the tender committee, who frequently record their views on the files which are different from the drafted minutes. Also, in some cases, when the minutes are drafted after the holding of the tender committee meeting are sent to other members for approval/signature, they, in turn, refer the entire case for scrutiny to their junior officers/staff who give their own comments on the tender file or on a separate check note. Needless to add that such procedures adopted by the members of the tender committees are violative of the instructions of the Board and defeat the very purpose of formation of the tender committee. This also leads, at times, to loss of tender files, manipulations therein, loss of confidentiality and excessive delay in dealing with the tender. The delay in some cases had led to the validity of the offers having expired and the Railways being compelled to purchase stores or execute works at much higher rates.

3. In view of the foregoing, Board desire that after opening of the tenders, their tabulations, preparation of detailed comparative statement and briefing note in case of works tender (which must be vetted by the Finance Branch), the convener should take immediate steps to hold tender committee meetings in consultation with the other members. The tender committee members must hold meeting(s) to examine the various offers, deliberate upon them and arrive at their recommendations. The minutes should be drafted by the convener at the earliest thereafter and sent to other members for their approval, and signature. Under no circumstances any of the members of the tender committee should refer the tender case to any officers/staff under him or to anyone else for scrutiny and/or comments. The members of the tender committee are expected to have adequate knowledge and confidence to deal with the tenders on their own instead of referring it to others. Any significant changes in the minutes should be done jointly in consultation with other members. Notings on the tender file by the members of the tender committee as a substitute for meetings and airing of views should be strictly avoided. Dates on which tender committee meetings are held should be displayed prominently in the minutes of the tender committee. All concerned must also ensure that the tenders are dealt with expeditiously and within the time schedule laid down by the Railway.

4. Board desire that the above instructions should be followed strictly.

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

6. Please acknowledge receipt.


(J.P. CHAR)
EXECUTIVE DIRECTOR, RAILWAY STORES,
RAILWAY BOARD.

No:87/RS(G)/777/3.

New Delhi, dated: 6-19-1987.

Copy forwarded for information and necessary action to:-

1. General Manager, Metro Rail Calcutta.
2. General Manager, Wheel and Axle Plant, Bangalore.
3. CAO/Cofmow, Railway Offices Complex, Tilak Bridge N.Delhi.
4. RCF(Kapurthala) " " " N.Delhi.
5. CAO, MTP Railways, Bombay, Madras and Delhi.
6. DCW/Patiala.

ANNEXURE-31

Copy of Railway Board's letter No.61/WII/CT/24 dated 31st October 1965, addressed to General Managers, All Indian Railways, etc.

Sub:- Negotiation with tenderers - Acceptance of original offers in cases where revised quotations are higher.

The Board have had under consideration certain aspects of cases when the rates submitted by the tenderers are considered high or conditions stipulated by them are considered unacceptable and it is decided to negotiate with the tenderers. In such cases, there is the possibility what a tenderer may resile from his offer on the plea that the negotiations amount to a counter-offer in law and, therefore, amount to a rejection of the original offer. It has been considered that under the law, the original offer does not ordinarily survive, the moment a counter-offer is made.

2. This matter has been examined in consultation with the Ministry of Law and they have advised that although the legal position stated above is correct, it is possible for a tenderer to revive his original offer after the negotiations fail and in that case the original tender becomes available again for acceptance. Such would be the case, if a tenderer before commencement of negotiations intimates that his original offer would be open for acceptance if the negotiations fail. The Ministry of Law, have therefore, suggested that when tenderers are called for negotiations, they should be addressed as follows:-

'The rates quoted in your tender are considered high. You are, therefore, requested to come for negotiations of rates on..... (date). (or). It is proposed to discuss with you certain conditions of your tender. You are, therefore, requested to come for negotiations on(date). You should however come for negotiations only in case you are prepared to furnish before such date the declaration appended herewith.

Form of Declaration.

I do declare that in the event of failure of the contemplated negotiations relating to Tender No..... opened on my original tender shall remain open for acceptance on its original terms and conditions'.

The kind of procedure and communication to the tenderer mentioned above, cannot, however, be included in the General Condition of Contract as a positive action has to be taken in each individual case.

3. The Ministry of Law have further advised that it must be understood that if the period of validity of the original offer expires before the close of the negotiations, the original offer will not be available for acceptance. The period of validity of the original offer must, therefore, be got extended wherever necessary.

4. A copy of form in which the contractors might submit their offers after negotiations in use on one Railway is enclosed for adoption with suitable changes that may be considered necessary.

From..... Full Address..... To The President of India, Through The Chief Engineer (Con), Railway, Sir, Tender for

1. On further discussion with your representative on in response to your letter No.....dated..... I/We am/are not prepared to reduce the rates already quoted in the original tender, which remain valid upto..... I/We reduce my/our rates as shown in the enclosed Schedule of items.

2. I/We am/are aware that the Instructions to Tenderers, Special and General conditions of Contract and appendices to the original tender remain valid and binding on me/us.

3. I/We agree to undertake the work or complete the supply and complete in all respects by.....

4. I/We agree to abide by this tender on the revised rate quoted by me/us it is open for acceptance for the period of 60/120 days from date i.e. upto and in de- fault of my/our doing so, I/We will forfeit the earnest money deposited with the Chief CashierRailway under receipt No dt already attached with the original tender/attached herewith. Eligibility as valid tender shall be deemed to be the consideration for the said forfeiture. DA: Schedules A,B,C. Yours faithfully, Signature of witness to the Signature of Tenderer(s) Signature of Tenderer.

ANNEXURE-32

Copy of Railway Board's letter No.67/RS/G/779/17 dated 22.6.67 addressed to General Managers, All Indian Railways and others.

Sub:- Obtaining the acknowledgements for the receipt of letters of acceptance by the contractors.

In Continuation of this office letter No.62/RS/G/779/26 dt. 27th December 1962 regarding the receipt of acknowledgements to purchase orders, it has been decided by the Board that in cases where the terms and conditions incorporated in the letters of acceptance purchase orders are different from those originally offered but modified by the tenderers subsequently during the course of negotiation, discussion or otherwise, the contractors should be asked to return one copy of letters of acceptance/purchase orders duly signed by the same person who signed the original offer against the tenderers in token of his acceptance of the contract to the revised conditions.

Where the letters of acceptance/purchase orders are placed on the basis of terms and conditions originally stipulated by the tenderers, the procedure as laid down in Board's letter dated 27th December 1962 referred to in Para 1 above should continue to be followed.

ANNEXURE-33

Copy of the letter No.74ACIII/30/6 dt.28.12.1983 from Railway Board to The General Managers, All Indian Railways.

Sub:- Tender Committee Proceedings.

Board vide their letter No.74ACIII/30/6 dated 11.3.1977 while clarifying the role of finance as a Member in a Tender Committee had stressed that if Accepting Authority does not accept recommendation of any Member, the reasons should invariably be recorded in writing. Similarly if Finance Member finds some financial impropriety in the award of the contract he can report the matter to the FA & CAO. In spite of these obvious instruction, in one of the Draft Paragraphs on one of the Zonal Railways it has been contended by Associate Finance that since Accepting Authority has to make a final decision the Tender Committee's recommendations, further reference to the Associate Finance is considered redundant. In this context it is reiterated that though final decision would rest with the Accepting Authority yet there is no reason at all why such authority should be precluded from obtaining the opinion of Associate Finance at the appropriate level. It is only where the FA&CAO is a Member of the Tender Committee that further consultation with him may be unnecessary but even in such a case the Accepting Authority is not precluded from further financial advice.

SD/-
(URMILA SHARMA)
Joint Director Finance Accounts-II
Railway Board.

ANNEXURE-34

Copy of Board's letter No.63/WII/CT/28 dated 5.3.1966 addressed to All Indian Railways.

Sub:- Zonal Contracts.

A reference is invited to Board's letter of even number **dated 18.7.1963** conveying instructions regarding the letting out of Zonal Contracts for the period from 1st July to 30th June, so that contractors have time to make their arrangements well in advance of the commencement of the working season. It was stipulated inter alia, that tenders should be opened in the month of May, and finalized before 30th June being a lean Month. It was expected that only a few work orders would generally be issued in that months.

The Railways have now had experience of working the zonal contracts for 1964-65 in accordance with the above instructions, from the reports received, the Railway Board have noted that generally the Railways have expressed satisfaction at the new operating period under the zonal contract system. Some of them have, however, pointed out that under the present procedure (i) there is no contractor during the monsoon month of July when flood protection and other emergency works are to be carried out, and (ii) that there is difficulty in finalizing the tenders, within a period of one month. Arising out of an audit para on a case in which a work order was extended beyond the date up to which the relevant zonal contract was current, although the rates tendered for the subsequent zonal contract were lower, the Public Accounts Committee have also expressed the view that the contracts for the new year should be effective from the 1st July and that all the necessary formalities should be completed before 30th June.

After careful consideration, the Board have decided that, while the term for zonal contract should continue to be 1st July to 30th June, as contemplated in their letter of even number dated 18.7.1963, the tenders for zonal contracts should in future be invited in the month of April, opened in the month of May and finalized by the 30th June so that the contracts may take effect from 1st July, it should also be ensured that as far as practicable no work orders are approved against the old contract after the opening of a new tenders and that all the works of the old contracts are completed by the end of June. Exceptional cases, which should be very few, may be dealt with on their merits by the competent authority taking into account all relevant facts including such information as is available regarding the trend in rates.

Sd/-

(U.S.Rao)

Jt. Director, Civil Engg. Railway Board.

ANNEXURE-35



भारत सरकार Government Of India
रेल मंत्रालय Ministry Of Railways
रेलवे बोर्ड Railway Board

2007/CE-I/CT/18 Pt.2

New Delhi, Dated 04.10.2012

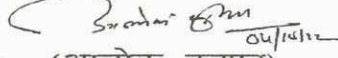
Addressed to :
As per list attached.

Sub : Addendum & Corrigendum Slip (ACS) No. 46 to Para 1264 of Indian Railways Code for Engineering Department (Third Re-print) 1999.

The Ministry of Railways (Railway Board) have decided that Para 1264 of the Indian Railways Code for Engineering Department (Third Re-print) 1999 may be amended as shown in the enclosed Addendum & Corrigendum Slip (ACS) No. 46.

This issues with the concurrence of the Finance Directorate of the Ministry of Railways.

संलग्नक / उपरोक्तानुसार


(आलोक कुमार)

कार्यकारी निदेशक/सिविल इंजीनियरिंग(जी)/रेलवे बोर्ड

2007/CE-I/CT/18 Pt.2

New Delhi, Dated 04.10.2012

Copy to :

1. FA&CAOs, All Indian Railways.
2. The Principal Director of Audit, All Indian Railways.
3. The Deputy Comptroller and Auditor General of Indian Railways, Room No. 224, Rail Bhavan, New Delhi.


For Financial Commissioner/Railways

Addendum & Corrigendum Slip (ACS) No. 46 to Para-1264
Of Indian Railways Code For Engineering Department (Third Re-print) 1999

Para 1264, 1264(c), 1264(e)(i), (e)(ii) & 1264(f) are amended as indicated below :

1264. Advances to Contractors -

It shall be duty of the Executives to abstain as far as possible from giving advances and they should endeavour to maintain a system under which no payments are made except for work actually done. General Managers may, however, sanction advances within their delegation of powers, as per limits indicated hereunder for such of the works which are capital intensive and of specialised nature, if the estimated value of the tender exceeds Rs.25 (twenty five) crore. Suitable provisions may be included in the special conditions of the tender for grant of Mobilisation Advance and advance against machinery and equipment, if the work warrants grant of such advances, subject to conditions stated hereunder :

(a) Mobilisation Advance -

This shall be limited to 10% of the contract value and payable in 2 stages, as indicated below :

Stage I - 5% of contract value on signing of the contract agreement.

Stage II - 5% on mobilisation of site-establishment, setting up offices, bringing in equipment and actual commencement of work.

The two stages of advances shall be payable immediately after signing of contract documents and at the time of mobilisation respectively.

(b) Advance Against Machinery and Equipment -

This advance shall be limited to a maximum of 10% of the contract value against new Machinery & Equipment, involving substantial outlay, brought to site and essentially required for the work. This advance shall not exceed 75% of the purchase price of such Equipment and shall be payable when hypothecated to the President Of India by a suitable bond or alternatively covered by an irrevocable Bank Guarantee for full cost of the Plant & Equipment from a Nationalised Bank in India or the State Bank of India in a form acceptable to Railways. The Plant & Equipment shall be insured for the full value and for the entire period, they are required for the work. This Plant & Equipment shall not be removed from the site of work without prior written permission of the Engineer. No advance should be given against old Plant & Machinery.

(c) Advances For Accelerating Progress Of The Work During Course Of Execution Of Contract -

This advance is to be decided on the merits of each case for contracts lying within the powers of General Manager (upto Rs. 100 crore or less or as decided & circulated by Board from time to time) and shall be restricted to a maximum of 5% of contract

value or Rs. 1 crore whichever is less. This is to be granted by the General Manager on the recommendations of the Chief Engineer in-charge, in consultation with the Associate Finance.

(d) Advances in Exceptional Cases -

General Managers are further empowered to grant advances in exceptional cases upto a maximum of Rs. 5 lacs in respect of even contracts of value of less than Rs. 50 lacs, if considered absolutely essential, depending on the merits of each case and circumstances in each situation, to be recommended by the Chief Engineer in-charge and in consultation with the Associate Finance.

(e) The Above Advances Are Subject To The Following Conditions -

- (i) The advance shall carry an interest of 4.5% per annum above the Base Rate of State Bank of India, as effective on the date of approval of payment of the advance by the competent authority and be restricted only for high value tenders of Rs. 25 crore and above;
- (ii) Advances except those against machinery and equipment, shall be payable against irrevocable guarantee (Bank Guarantee, FDRs, KVPs/NSCs) of at least 110% of the value of the sanctioned advance amount (covering principal plus interest). The Bank Guarantee shall be from a Nationalised Bank in India or State Bank of India in a form acceptable to the Railways;
- (iii) The recovery shall commence when the value of contract executed reaches 15% of original contract value and shall be completed when the value of work executed reaches 85% of the original contract value. The instalments on each "on account bill" will be on pro-rata basis;
- (iv) That the grant of advance is primarily in Railway's own interest;
- (v) That a contract does not receive advances for same work from different officers;
- (vi) That arrangements are made with the Accounts Officer for proper accounts being kept with regard to payment and recovery of these advances; and
- (vii) That all necessary precautions are taken to secure Government from the possibility of loss and for preventing the system becoming more general or continuing longer than what may be absolutely necessary for proper progress of the work.

(f) Method of Recovery of Interest -

Interest shall be recovered on the advance outstanding for the period commencing from the date of payment of advance till date of particular on-account bill (through which recovery of principal is effected) and adjusted fully against on-account bill alongwith pro-rata principal recovery. In the event of any short-fall, the same shall be carried forward to the next on-account bill and shall attract interest @ 4.5% per annum above the Base Rate of State Bank of India, as effective on the date of approval of payment of the advance by the competent authority.

The Bank Guarantee for such advances shall clearly cover at least 110% of the value of the sanctioned advance amount (covering principal plus interest).

[Authority : Railway Board's letter no. 2007/ CE-I/CT/18 Pt.3, dated 23.5.2012]

ANNEXURE-36



भारत सरकार Government Of India
रेल मंत्रालय Ministry Of Railways
रेलवे बोर्ड Railway Board

No. 2007/CE-I/CT/18/Pt.3

New Delhi, Dated 12.04.2012

Addressed to :
As per list attached.

Sub : 'Mobilisation Advance' in works contracts - Correction Slip to Engineering Code.

Ref : (i) Board's letter no. 2007/CE-I/CT/18, dated 07.03.2008.
(ii) Board's letter no. 2007/CE-I/CT/18, dated 28.09.2007.
(iii) Board's letter no. 2007/CE-I/CT/18(Pt.), dated 01.04.2009.
(iv) Board's letter no. 2007/CE-I/CT/18/ Pt.XII, dated 31.12.2010.

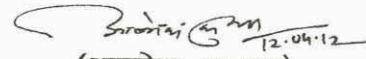
In partial modification to the provisions of Para 1264E of Engineering Code regarding 'Mobilisation Advance' in Works Contracts, Railway Board (ME & FC) have approved as under :

- (1) The rate of interest on 'Mobilisation Advance' is revised from existing 12% per annum to 4.5% per annum above the Base Rate of State Bank Of India, as effective on the date of approval of payment of Mobilisation Advance by the Competent Authority.
- (2) The Mobilisation Advance Clause shall be restricted only for high value tenders of Rs. 25 crore and above.
- (3) The Mobilisation Advance shall be against an irrevocable Bank Guarantee of value 110% of the sanctioned advance amount. The Bank Guarantee shall be from a Nationalised Bank in India or State Bank of India, all Scheduled Banks in India, National Savings Certificate etc.
- (4) The interest rate on Mobilisation Advance as per item-1 above shall also be applicable to other advances extended by Railways to contractors as per extant rules and in terms of instructions in reference (iii) above.

The Correction Slip to Para 1264E of the Engineering Code shall follow.

This issues with the concurrence of the Finance Directorate of the Ministry of Railways.

संलग्नक / उपरोक्तानुसार


12.04.12

(आलोक कुमार)

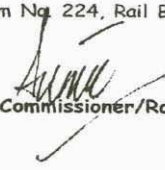
कार्यकारी निदेशक/सिविल इंजीनियरिंग(जी)/रेलवे बोर्ड

No. 2007/CE-I/CT/18/Pt.3

New Delhi, Dated 12.04.2012

Copy forwarded for information to :

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


For Financial Commissioner/Railways

ANNEXURE-37



भारत सरकार Government Of India
रेल मंत्रालय Ministry Of Railways
रेलवे बोर्ड Railway Board

No. 2007/CE-I/CT/18/Pt.3

New Delhi, Dated 23.05.2012

Addressed to :
As per list attached.

Sub : 'Mobilisation Advance' in works contracts - Correction Slip to Engineering Code.

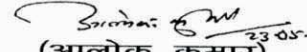
Ref : (i) Board's letter no. 2007/CE-I/CT/18, dated 07.03.2008
(ii) Board's letter no. 2007/CE-I/CT/18, dated 28.09.2007
(iii) Board's letter no. 2007/CE-I/CT/18(Pt.), dated 01.04.2009
(iv) Board's letter no. 2007/CE-I/CT/18/Pt.XII, dated 31.12.2010
(v) Board's letter no. 2007/CE-I/CT/18/Pt.3, dated 12.04.2012

In partial modification to the provisions of Para 1264E of Engineering Code regarding 'Mobilisation Advance' in Works Contracts, as approved by Railway Board (ME & FC), letter vide reference (v) above was issued on 12.04.12. The matter has further been reviewed and this letter is being issued as under with slight modifications and in supersession to the letter under reference (v) above :

- (1) The rate of interest on 'Mobilisation Advance' is revised from existing 12% per annum to 4.5% per annum above the Base Rate of State Bank Of India, as effective on the date of approval of payment of Mobilisation Advance by the Competent Authority.
- (2) The Mobilisation Advance Clause shall be restricted only for high value tenders of Rs. 25 crore and above.
- (3) The Mobilisation Advance shall be against an irrevocable guarantee (Bank Guarantee, FDRs, KVPs/NSCs) of at least 110% of the value of the sanctioned advance amount. The Bank Guarantee shall be from a Nationalised Bank in India.
- (4) The interest rate on Mobilisation Advance as per item-1 above shall also be applicable to other advances extended by Railways to contractors as per extant rules and in terms of instructions in reference (iii) above.

The Correction Slip to Para 1264E of the Engineering Code shall follow.

This issues with the concurrence of the Finance Directorate of the Ministry of Railways.


(आलोक कुमार)

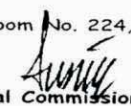
कार्यकारी निदेशक/सिविल इंजीनियरिंग(जी)/रेलवे बोर्ड

No. 2007/CE-I/CT/18/Pt.3

New Delhi, Dated 23.05.2012

Copy forwarded for information to :

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


For Financial Commissioner/Railways

ANNEXURE-38



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

No. 2007/CE-I/CT/18 Pt. 19

New Delhi, dated 14.12.2012

Addressed to :
As per list attached.

Sub : Price Variation Clause 46A. to IR's General Conditions Of Contract (GCC) - 'General Instructions'.

- Ref :
- (i) Board's letter no. 80/W1/CT/10, dated 25.04.1980
 - (ii) Board's letter no. 85/WI/CT/7, dated 20.01.1987
 - (iii) Board's letter no. 85/W1/CT/7-Vol. I, dated 04.04.1996
 - (iv) Board's letter no. 85/WI/CT/7 Pt.I, dated 19.04.2006
 - (v) Board's letter no. 2007/CE.I/CT/18, dated 28.09.2007
 - (vi) Board's letter no. 2007/CE-I/CT/18, dated 07.03.2008
 - (vii) Board's letter no. 85/W-I/CT/7/Pt. I, dated, 09.05.2008
 - (viii) Board's letter no. 2008/CE.I/CT/Con/7 (PCE/GM), dated 15.12.2008
 - (ix) Board's letter no. 85/W-I/CT/7 Pt. I, dated 18.07.2012

In terms of letter referred at (i) above, Railway Board issued instructions for inclusion of Price Variation Clause in works contracts. Thereafter, modifications / improvements in the Clause have been issued vide Board's letters referred at (ii) to (ix).

Board have reconsidered the matter and decided to incorporate a comprehensive Clause in the form of "Clause 46A - Price Variation Clause" to the General Conditions of Contract (GCC), in supersession to all previous instructions on the subject, as referred above. Accordingly,

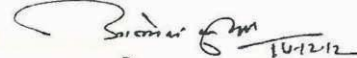
1. Price Variation Clause shall be applicable only for tenders of value Rs. 50 lakh and more, irrespective of the contract completion period.
2. If required, the percentages of various components, as detailed in Para 46A.5 of Price Variation Clause in GCC may be varied by the concerned SA Grade Officer in consultation with the concerned FA&CAO, keeping in view the special features and complexities of the work involved.
3. Clause 46A - Price Variation Clause to the General Conditions of Contract, as detailed at Annexure-A alongwith associated instructions mentioned herein, shall be applicable with prospective effect.

Page 1 of 2

This issues with the concurrence of Finance Directorate of the Ministry of Railways.

Please acknowledge receipt.

संलग्नक / उपरोक्तानुसार


(आलोक कुमार)

कार्यकारी निदेशक/सिविल इंजीनियरिंग(जी)/रेलवे बोर्ड

No. 2007/CE-I/CT/18 Pt. 19

New Delhi, dated 14.12.2012

Copy forwarded for information to :

1. The FA&CAOs, All Indian Railways.
2. The Deputy Comptroller & Audit General of India (Railways), Room No. 224, Rail Bhawan, New Delhi (with 46 copies).



For Financial Commissioner/Railways

ANNEXURE-39



भारत सरकार Government Of India
रेल मंत्रालय Ministry Of Railways
रेलवे बोर्ड Railway Board

No. 2007/CE-I/CT/18/Pt.19

New Delhi, Dated 07.5.2013

To,
As per list attached.

Sub : Modification to Railway Board's letter of even no. dated 14.12.2012 regarding Price Variation Clause (PVC) 46A to IR's General Conditions of Contract (GCC) - 'General Instructions'.

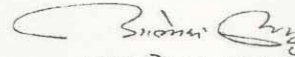
Ref : Railway Board's letter of even no., dated 14.12.2012.

Vide Railway Board's letter of even no., dated 14.12.2012, 'Price Variation Clause' was incorporated to the General Conditions of Contract (GCC) as Clause 46A.

The value of 'R' in Clause 46A.7 of GCC is hereby modified as under :

	As circulated vide Railway Board's letter under reference	As modified now
The value of 'R' in Clause 46A.7 of GCC	Gross value of work done by contractor as per on-account bill(s) excluding cost of materials supplied by Railway at fixed price. This will also exclude specific payment, if any, to be made to the consultants engaged by contractors (such payment will be indicated in the contractor's offer.	Gross value of work done by contractor as per on-account bill(s) excluding cost of materials supplied by Railway at fixed price <u>minus the price values of cement & steel</u> . This will also exclude specific payment, if any, to be made to the consultants engaged by contractors (such payment will be indicated in the contractor's offer.

2. This will be implemented with effect from 14.12.2012. Railways should attempt to recover overpayments made, if any.
3. This issues with the concurrence of Finance Directorate of the Ministry of Railways.
4. Please acknowledge receipt.


(आलोक कुमार)
07/05/13


कार्यकारी निदेशक/सिविल इंजीनियरिंग(जी)/रेलवे बोर्ड

No. 2007/CE-I/CT/18/Pt.19

New Delhi, Dated 07.5.2013

Copy forwarded for information to :

1. The FA&CAOs, All Indian Railways.
2. The Deputy Comptroller & Audit General of India (Railways), Room No. 224, Rail Bhawan, New Delhi (with 46 copies).


For Financial Commissioner/ Railways

ANNEXURE-40

	भारत सरकार Government Of India रेल मंत्रालय Ministry Of Railways (रेलवे बोर्ड) (Railway Board)
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No. 2007/CE-I/CT/18/Pt.19

New Delhi, Dated 15.10.2014

To,
As per list attached.

Sub : Price Variation Clause - Addendum & Corrigendum Slip (ACS) no. to GCC, July 2014 : Amendment in Clause 46A.1 of GCC.

Ref : Railway Board's circulars :

- (i) No. 2007/CE-I/CT/18 Pt.19, dated 14.12.2012
- (ii) No. 2007/CE-I/CT/18/Pt.19 dated 07.05.2013
- (iii) No. 2007/CE-I/CT/18/Pt.13, dated 02.05.2014

- In terms of Railway Board's circular under reference (i), dated 14.12.12; Price Variation Clause was incorporated in GCC alongwith the related instructions.
- The issues, referred to Board have been examined and it has been decided to make amendments & clarifications on the subject, as mentioned hereunder.
- Para 1 of Railway Board's Circular no. 2007/CE-I/CT/18 Pt.19, dated 14.12.2012 is revised as under :

Existing Provision	Modified Content
Price Variation Clause shall be applicable only for tenders of value Rs. 50 lakh and more, irrespective of the contract completion period.	Price Variation Clause (PVC) shall be applicable only for contracts of value (Contract Agreement value) Rs. 50 lakh and more, irrespective of the contract completion period.

- Further, Clause 46A.1 of GCC is modified as under :

Existing Clause	Modified Clause
46A.1 Applicability : Price Variation Clause (PVC) shall be applicable only for <i>tenders</i> of value as prescribed by the Ministry of Railways through instructions / circulars issued from time to time and irrespective of the contract completion period. Materials supplied free of cost by Railway to the contractors shall fall outside the	46A.1 Applicability : Price Variation Clause (PVC) shall be applicable only for <i>contracts</i> of value as prescribed by the Ministry of Railways through instructions /circulars issued from time to time and irrespective of the contract completion period. <i>Variation in quantities shall not be taken into account for applicability of PVC in the contract.</i> Materials supplied free of cost by Railway to

purview of Price Variation Clause. If, in any case, accepted offer includes some specific payment to be made to consultants or some materials supplied by Railway free or at fixed rate, such payments shall be excluded from the gross value of the work for the purpose of payment/recovery of price variation.

the contractors shall fall outside the purview of Price Variation Clause. If, in any case, accepted offer includes some specific payment to be made to consultants or some materials supplied by Railway free or at fixed rate, such payments shall be excluded from the gross value of the work for the purpose of payment/recovery of price variation.

5. It has also been decided that an authority competent to accept the tender or Sr.Admin. Grade (SAG) officer of executive department, whichever is higher, may decide that PVC shall not apply to a particular contract even if the Contract Agreement value works out to be Rs. 50 lakh or more OR that PVC shall apply even if the Contract Agreement value works out to be less than Rs. 50 lakh. Such a decision shall be taken with concurrence of associate finance and reasons shall be recorded in writing.

Such a decision shall be taken before issuance of N.I.T. (Notice Inviting Tender) and it shall be incorporated as Special Condition of Contract (in Tender Document and Contract Agreement).

6. Applicability of PVC based on original contract value is illustrated as under -
"If estimated value of a tender (N.I.T. value) is Rs. 55 lakh, but value of the contract as per Contract Agreement is Rs. 45 lakh, then PVC shall not apply, even if the actual final value is Rs. 50 lakh or more due to variation in quantities during execution of the contract. Thus, variation in quantities after signing of Contract Agreement is not relevant for deciding whether PVC is applicable to a contract or not. "

7. This issues with the concurrence of the Finance Directorate of the Ministry of Railways.

Please acknowledge receipt.

Sd/-

(आलोक कुमार)

कार्यकारी निदेशक/सिविल इंजीनियरिंग(जी)/रेलवे बोर्ड

[Phone : 030-44803 (Rly.); 011-23383379 (MTNL); 09910487302 (CUG Mobile)]

e-mail address : edceg@rb.railnet.gov.in

ANNEXURE-41



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

No. 2007/CE-I/CT/18/Pt 13

New Delhi, dated 02.05.2014

To,
As per list attached

Sub : Addendum & Corrigendum Slip (ACS) no. 6 to GCC, July 2013 :
Amendment to Clause 46A.7 (a sub-clause of PVC) to GCC.

Ref : Railway Board's letter no. 2007/CE-I/CT/18 Pt.19, dated 14.12.2012.


The Competent Authority in Railway Board has decided to make following changes in Clause 46A.7 (a sub-clause of Price Variation Clause) to IR's General Conditions of Contract (GCC) :

Description, as circulated vide Board's letter under reference	Revised Description
Fo : Index Number of Wholesale Prices - By Groups and Sub-Groups for Fuel, Power, Light and Lubricants as published in the R.B.I. Bulletin for the base period	F _B : Index Number of Wholesale Prices- By Groups and Sub-Groups for Fuel and Power as published in the R.B.I. Bulletin for the base period
F : Index Number of Wholesale Prices- By Groups and Sub-Groups for Fuel, Power, Light and Lubricants as published in the R.B.I. Bulletin for the average price index of the 3 months of the quarter under consideration	F _Q : Index Number of Wholesale Prices- By Groups and Sub-Groups for Fuel and Power as published in the R.B.I. Bulletin for the average price index of the 3 months of the quarter under consideration
Wco : Index No. of Wholesale Price of sub-group (of Cement) as published in RBI Bulletin for the base period	C _B : Index No. of Wholesale Price of sub-group (of Cement & Lime) as published in R.B.I. Bulletin for the base period
Wc : Index No. of Wholesale Price of sub-group (of Cement) as published in RBI Bulletin for the average price index of the 3 months of the quarter under consideration	C _Q : Index No. of Wholesale Price of sub-group (of Cement & Lime) as published in R.B.I. Bulletin for the average price index of the 3 months of the quarter under consideration

C : RBI wholesale price index for cement for the month which is six months prior to date of casting of foundation	C _s : R.B.I. wholesale price index for Cement & Lime for the month which is six months prior to date of casting of foundation
Co : RBI wholesale price index for cement for the month which is one month prior to date of opening of tender	Co : R.B.I. wholesale price index for Cement & Lime for the month which is one month prior to date of opening of tender

2. Further, various legends mentioned in the PVC formulae, used in Clause 46A.7 have also been reorganized for better understanding by the users in the field.
3. Accordingly, the revised Clause 46A.7 (ACS no. 6 to GCC) is enclosed herewith.
4. This issues with the concurrence of the Finance Directorate of the Ministry of Railways.

DA : As above


(आलोक कुमार)
०२/०५/१४

कार्यकारी निदेशक/सिविल इंजीनियरिंग(जी)/रेलवे बोर्ड
[Phone : 030-44803 (Rly.); 011-23383379 (MTNL); 09910487302 (CUG Mobile)]
e-mail address : edceg@rb.railnet.gov.in

No. 2007/CE-I/CT/18/Pt 13

New Delhi, dated 02.05.2014

Copy forwarded for information to :

- (i) FA&CAO, All Indian Railways.
- (ii) The Principal Director of Audit, All Zonal Railways.
- (iii) Dy. Comptroller and Auditor General of India (Railways), Room no. 224, Rail Bhavan, New Delhi (with 46 spare copies)



For Financial Commissioner / Railways

D _Q	Cost of detonators, as fixed by DGS&D in the relevant rate contract of the firm from whom purchases of detonators are made by the contractor for the average price index of the 3 months of the quarter under consideration
S _w	Weight of steel in tonne, supplied by the contractor as per the 'on-account' bill for the month under consideration
S _Q	SAIL's (Steel Authority of India Limited) ex-works price plus Excise Duty thereof (in rupees per tonne) for the relevant category of steel supplied by the contractor, as prevailing on the first day of the month in which the steel was purchased by the contractor (or) as prevailing on the first day of the month in which steel was brought to the site by the contractor, whichever is lower
S _B	SAIL's ex-works price plus Excise Duty thereof (in Rs. per tonne) for the relevant category of steel supplied by the contractor as prevailing on the first day of the month in which the tender was opened
C _v	Value of Cement supplied by Contractor as per on account bill in the quarter under consideration
C _B	Index No. of Wholesale Price of sub-group (of Cement & Lime) as published in RBI Bulletin for the base period
C _Q	Index No. of Wholesale Price of sub-group (of Cement & Lime) as published in RBI Bulletin for the average price index of the 3 months of the quarter under consideration
C _S	RBI wholesale price index for cement & lime for the month which is six months prior to date of casting of foundation
C _O	RBI wholesale price index for cement & lime for the month which is one month prior to date of opening of tender
R _T	IEEMA price index for Iron & Steel for the month which is two months prior to date of inspection of material.
R _O	IEEMA price index for Iron & Steel for the month which is one month prior to date of opening of tender.
P _T	IEEMA price for Copper wire bar for the month which is two months prior to date of inspection of material.
P _O	IEEMA price for Copper wire bar for the month which is one month prior to date of opening of tender.
Z _T	IEEMA price for Zinc for the month which is two months prior to date of inspection of material
Z _O	IEEMA price for Zinc for the month which is one month prior to date of opening of tender
I _T	RBI wholesale price index for Structural Clay Products for the month which is two months prior to date of inspection of material
I _O	RBI wholesale price index for Structural Clay Products for the month which is one month prior to date of opening of tender

Authority : Railway Board's circular no. 2007/CE-I/CT/18/Pt 13, dated 02.05.2014}

T	Amount of price variation in Concreting
R	Amount of price variation in Ferrous Items
N	Amount of price variation in Non-Ferrous Items
Z	Amount of price variation in Zinc
I	Amount of price variation in Insulator
L _c	% of Labour Component
M _c	% of Material Component
F _c	% of Fuel Component
E _c	% of Explosive Component
D _c	% of Detonators Component
T _c	% of Concreting Component
R _c	% of Ferrous Component
N _c	% of Non-Ferrous Component
Z _c	% of Zinc Component
W	Gross value of work done by contractor as per on-account bill(s), excluding cost of materials supplied by Railway at fixed price, minus the price values of cement and steel. This will also exclude specific payment, if any, to be made to the consultants engaged by contractors (such payment shall be indicated in the contractor's offer)
L _a	Consumer Price Index Number for Industrial Workers - All India : Published in R.B.I. Bulletin for the base period
L _q	Consumer Price Index Number for Industrial Workers - All India : Published in R.B.I. Bulletin for the average price index of the 3 months of the quarter under consideration
M _a	Index Number of Wholesale Prices - By Groups and Sub-Groups : All commodities - as published in the R.B.I. Bulletin for the base period
M _q	Index Number of Wholesale Prices - By Groups and Sub-Groups : All commodities - as published in the R.B.I. Bulletin for the average price index of the 3 months of the quarter under consideration
F _a	Index Number of Wholesale Prices - By Groups and Sub-Groups for Fuel and Power as published in the R.B.I. Bulletin for the base period
F _q	Index Number of Wholesale Prices - By Groups and Sub-Groups for Fuel and Power as published in the R.B.I. Bulletin for the average price index of the 3 months of the quarter under consideration
E _a	Cost of explosives, as fixed by DGS&D in the relevant rate contract of the firm from whom purchases of explosives are made by the contractor for the base period
E _q	Cost of explosives, as fixed by DGS&D in the relevant rate contract of the firm from whom purchases of explosives are made by the contractor for the average price index of the 3 months of the quarter under consideration
D _a	Cost of detonators, as fixed by DGS&D in the relevant rate contract of the firm from whom purchases of detonators are made by the contractor for the base period

Addendum & Corrigendum Slip (ACS) No. 6

Indian Railways General Conditions of Contract (GCC)

{Ref. : Railway Board's circular no. 2007/CE-I/CT/18/Pt 13, dated 02.05..2014}

Clause 46A. - Price Variation Clause :

46A.7 The Amount of variation in prices in several components (labour, material etc.) shall be worked out by the following formulae :

$$(i) \quad L = \frac{W \times (L_Q - L_B)}{L_B} \times \frac{L_C}{100}$$

$$(ii) \quad M = \frac{W \times (M_Q - M_B)}{M_B} \times \frac{M_C}{100}$$

$$(iii) \quad F = \frac{W \times (F_Q - F_B)}{F_B} \times \frac{F_C}{100}$$

$$(iv) \quad E = \frac{W \times (E_Q - E_B)}{E_B} \times \frac{E_C}{100}$$

$$(v) \quad D = \frac{W \times (D_Q - D_B)}{D_B} \times \frac{D_C}{100}$$

$$(vi) \quad S = S_W \times (S_Q - S_B)$$

$$(vii) \quad C = C_V \times (C_Q - C_B) / C_B$$

For Railway Electrification Works :

$$(viii) \quad T = [(C_S - C_O)/C_O \times 0.4136] \times T_C$$

$$(ix) \quad R = [(R_T - R_O)/R_O + (Z_T - Z_O)/Z_O \times 0.06] \times R_C$$

$$(x) \quad N = [(P_T - P_O)/P_O] \times N_C$$

$$(xi) \quad Z = [(Z_T - Z_O)/Z_O] \times Z_C$$

$$(xii) \quad I = [(I_T - I_O)/I_T] \times 85$$

Where,

L	Amount of price variation in Labour
M	Amount of price variation in Materials
F	Amount of price variation in Fuel
E	Amount of price variation in Explosives
D	Amount of price variation in Detonators
S	Amount of price variation in Steel
C	Amount of price variation in Cement

ANNEXURE-42



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

No. 2013/CE-I/CT/O/10/PVC/Pt.I

New Delhi, Dated 27.01.2015

To,
As per list attached.

Sub : Non-application of Price Variation Clause (PVC) to Annual Maintenance Contracts (AMC) and Zonal Contracts


Ref : Railway Board's circular no. 2007/CE-I/CT/18/Pt.19, dated 15.10.2014.

The issue of non application of Price Variation Clause (PVC) to such a works contract which is either an Annual Maintenance Contract (AMC) or a Zonal Contract has been thoroughly examined in Railway Board office and it has been decided by the Board (ME) that :

"The Price Variation Clause (PVC) of General Conditions of Contract (GCC) shall not apply to such a works contract which is either an Annual Maintenance Contract (AMC) or a Zonal Contract.

A Clause to this effect shall be included in Special Conditions of Contract, wherever applicable."

2. Necessary action may be taken accordingly.
3. This issues with the concurrence of the Finance Directorate of the Ministry of Railways.
4. Please acknowledge receipt.


(अनिल कुमार) 27/01/15

कार्यकारी निदेशक/सिविल इंजीनियरिंग(जी)/रेलवे बोर्ड
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No. 2013/CE-I/CT/O/10/PVC/Pt.I

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For Financial Commissioner / Railways

Indian Railways

