



## Foreword

This Compendium of instructions on Works Contract Policy is issued for guidance of officials dealing with the subject matter. It contains relevant administrative orders/circulars/letters issued by Railway Board and Northern Railway from time to time. Some of the old orders/circulars have been included because of being relevant, even today, as far as policy guidelines are concerned though the financial powers/limits in connection with various matters have been revised substantially.

The Compendium consists of 11 chapters and 130 annexures under various headings related to works contract policy except issues concerning arbitration for which it is planned to issue a separate compendium. All the annexures have been typed for sake of clarity instead of xeroxing the old circulars. Though every effort has been made to avoid typographical mistakes, it is quite possible that some such errors might have crept in. It is advised that the officials using this compendium do not quote it and refer to the original letter/circular for such purposes.

The documentation has been painstakingly done by Sh. V.K.Gupta, Dy.CE/G and Sh. Rajeev Saxena, AXEN/G and their staff. The draft has been initially compiled by Sh.Lalit Kapur, the then CE/G (9.7. 07 to 3.8. 07) and Sh.Y.P.Singh, CE/G. Their efforts are praise worthy.

It is hoped that the officials dealing with the works contract matters will find the compendium useful and any discrepancy found may be brought to the notice immediately for correction.

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# **I N D E X**

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## COMPENDIUM OF INSTRUCTIONS ON WORKS CONTRACTS

<b>1.0 General</b>				
SN	Instructions	Title of letter and letter no	Dated	Annexure No. (Page No.)
1	Every Government servant should exercise the same <b>vigilance in respect of expenditure</b> incurred from public moneys as a person of ordinary prudence.	Canons of Financial Property (Item 2713 of Way and Works Manual)	-	<b>A 1-1 (32)</b>
2	Recommendations of committee appointed to examining improving the administration of contracts and quality of works executed through the agency of contractors together with Board's orders thereon on- a) Pre-qualification of tenderers; b) Engagement of consultancy services; c) Approved list of contractors; d) Two packet system of tendering and e) Advance to contractors.	Pre-qualification of contracts and consultancy of contracts etc. Letter no. 85/W1/CT/23-GCC	31.01.86	<b>A 1- 2 (32)</b>
3	<b>Time limits</b> laid down for processing <b>contractor's bills</b> for payments at various levels	Time limit for processing bills of works and P.Way Contracts. Letter no. 74-W/0/Part XVIII(Policy)	17.09.92	<b>A1-3 (41)</b>
4	Accepted recommendations of the committee of Shri B.S.Sudhir Chandra	Appointment of works contractors-Finalisation of tenders. Letter no. 94/CE-I/CT	22.10.01	<b>A 1- 4 (43)</b>
5	Proposed <b>modifications in tendering procedures, duly accepted</b> by Railway Board	Accepted items of Sudhir Chandra 94/CE-I/ CT/4 Committee's Report	17.10.02	<b>A 1-5 (48)</b>
6	Contractor <b>shall comply with the provisions of the contract labour (regulation and Abolition) Central Rules 1971</b> as modified from time to time wherever applicable and shall also indemnify the Railway from and against any claims under the aforesaid Act.	Provision of contract labour (Regulation and Abolition) Act 1970- Observance in Railway Works Contract. Letter no. 99/CE.I/Contract Labour/I Pt.	06.02.04	<b>A1-6 (56)</b>
7	In several instances, <b>large works are being split up</b> into small value works. It would be desirable that this practice is avoided.	Splitting up of the large work into small value work 2004/CEI/Misc/MR's/Instructions	21.06.04	<b>A 1-7 (57)</b>
8	<b>Personnel Branch</b> should invariably be <b>consulted before giving out a Labor</b>	Off loading and privatisation of perennial nature activities in the Railways in violation of the	29.08.06	<b>A1-8 (58)</b>



	<b>Contract in terms of Labour Contract Act 1970.</b>	provisions under Section 10 of Contract Labour (R&A) Act, 1970. Letter no. E(LL) 205 AT CNR/16		
9	<b>Approval for engagement of PMCs for supervision of projects</b> being executed by the Railways. The PMC contract should be treated as Works Contract.	Engagement of Project Management Consultants (PMCs). Letter no. 2006/W-I/Genl/D.P. Pt.I	10.10.06	<b>A1-9 (60)</b>
10	Board (ME & FC) have approved to award two contracts to Labour Cooperatives for earthwork each costing not more than Rs.25 lakhs on a trial basis in N.E. Railway with instructions to formulate detailed guidelines keeping the following broad guidelines in view:-  (1) Labour Cooperative Societies should be registered under the Cooperative Society's Registration Act in proof of these societies being legal entities before they are allowed to participate in the Railway tender. A certificate to this effect should be submitted alongwith the tender.  (2) Earnest Money/Security Deposit is realized as per the existing norms;  (3) Eligibility Criteria – It may be relaxed to suit local conditions so that Cooperative Societies are able to participate in the tender.  (4) A special condition may be provided in the tenders of all works valuing up to an estimated cost of Rs.25 lakhs that in case of Labour Cooperative Societies tendering for the work, they will be given the first opportunity to execute the work subject to the provision that they agree to take up the work at the rates as offered in the lowest acceptable tender.	Awarding earthwork tenders to Labour Cooperatives. Letter no. 2002/CE-I/CA-iii/CT/10 dated	28/29.10 .02	<b>A1-10 (61)</b>



	(5) Only one contract should be given to one Cooperative Society.			
11	Advance Correction Slip No.17 may be treated as cancelled and additions/corrections as indicated in the enclosed Correction Slip No.21 in the relevant paras on Indian Railways Engineering Code 1993 Edition may be made.	Advances to contractors. Letter no. 90/CE.I/CT/1	25.06.99	<b>A1-11 (62)</b>
12	Board have taken a serious view of the matter on recording of measurement of steel in separate register in place of measurement book and desired that measurement of steel should be recorded in Measurement Book to avoid any irregularities conducted in recording of measurement of steel.	Recording of measurements of steel in Measurement Book. Letter no. 2000/CE.I/CT/14	24.2.00	<b>A1-12 (63)</b>
13	In the 'Two Packet' system, essentially the same process of pre-qualifications is expected to be done through the scrutiny of the contents of the first packet comprising evidence and technical capability, possession of appropriate machinery and equipment financial strength, experience, etc. It would, therefore, be apparent that whenever such a system is followed, there is no need for the railways, etc. to seek the Board's approval before opening the financial bids. The General Manager is competent to act on the recommendations of the Tender Committee relating to the first packet. While forwarding the financial recommendation of the Tender Committee (after negotiations have been held if necessary, on the financial part of the tenders), the General Manager should give his personal comments on both the technical and the financial aspects of the case.	Two Packet System of tenders. Letter no. 90/CE-I/CT/27	17.08.95	<b>A1-13 (64)</b>



## 2.0 Classes of Tenders & Eligibility Criteria

SN	Instructions	Title of letter and letter no	Dated	Annexure No. (Page No.)
1	<p><b>Consultancy contracts can be awarded</b> for works involving:</p> <p><b>Pre-investment studies, Preparation service, Implementation service and Traffic assistance and council service, Specialized works, Important and prestigious buildings and structures, Special type of roof structures and coverings, basements and similar constructions, subways, underpasses, insulation of buildings, Design and construction of structures involving Long span pre-stressed concrete bridges, Continuous girder bridges, Cable stayed bridges, Long span arch bridges, Shells and folded plate construction, Earthquake resistant structures, foundation problems, Auditoriums involving satisfactory acoustics, Architectural and aesthetic features in design, aeration techniques, and layout of manufacturing and repair shops.</b></p>	<p>Pre-qualification of contracts and consultancy of contracts etc. Letter no. 85/W1/CT/23-GCC</p>	31.01.86	<b>A 1- 2 (32)</b>
2	<p>A system for maintaining <b>confidential reports of contractors and approved list of contractors</b> was proposed This list was proposed to be a <b>dynamic list and was to be based upon the confidential reports.</b></p>	<p>Pre-qualification of contracts and consultancy of contracts etc. Letter no. 85/W1/CT/23-GCC (para 3.4)</p>	31.01.86	<b>A 1- 2 (32)</b>
3	<p>Indian Railways should <b>adopt two-packet system of tendering.</b></p>	<p>Pre-qualification of contracts and consultancy of contracts etc. Letter no. 85/W1/CT/23-GCC (para 4.1)</p>	31.01.86	<b>A 1- 2 (32)</b>
4	<p>1. Only J.A. and S.A. Grade Officers shall be able to dispense with tenders and call <b>quotations</b> and that too, only with Finance concurrence, as per schedule given in letter.</p> <p>2. Use enhanced powers of each work order under zonal/miscellaneous contracts for Rs. 1.00 lakh &amp; avoid smaller tenders.</p>	<p>Consideration of Tenders – Powers to dispense with the calling of tenders for works contracts. Letter No.90/CE-I/CT/1</p>	14.12.90	<b>A 2-1 (65)</b>



	<p><b>3.Guidelines while accepting quotations</b> given in letter.</p> <p>4. Approved list of contractors should be periodically up-dated as per extant instructions.</p>			
5	<p>Delegation of powers <b>to dispense with calling of tenders for works contracts extended to Sr Scale</b> where the senior scale officers are holding independent charge in the Divisions instead of JA Grade Officers</p>	<p>Consideration of Tenders – Powers to dispense with the calling of tenders for works contracts. Letter No.90/CE-I/CT/1</p>	24.04.96	<b>A 2-2 (66)</b>
6	<p><b>Single tenders up to Rs. 3 crores can be accepted by GMs</b> in emergent situations, with the concurrence of finance.</p>	<p>Procedure with regard to Single Tenders / Awards of Contracts over Zonal Railways. Letter No.97/CE-I/CT/32</p>	27.08.97	<b>A 2-3 (68)</b>
7	<p><b>Standard Contract Clauses and the Standard General Conditions for Domestic Contracts available on the internet at <a href="http://www.cidcindia.net">www.cidcindia.net</a>.</b></p>	<p>Web hosting of Standard Contract Clauses &amp; Standard General conditions for Domestic Contracts. Letter no. 2000/Works/General/Tender on Int.</p>	02.04.02	<b>A2-4 (69)</b>
8	<p><b>Annual limits for quotations</b> must be followed</p>	<p>Accepted items of Sudhir Chandra 94/CE-I/ CT/4 Committee's Report (para 2.7.4.1)</p>	17.10.02	<b>A 1-5 (48)</b>
9	<ul style="list-style-type: none"> <li>• Adopt an <b>eligibility criteria for open tenders</b> costing more than Rs. 10 lacs</li> <li>• Details of plant and machinery, works completed and works in progress must be given by tenderers</li> <li>• <b>Special Limited Tenders</b> may be adopted in consultation with FA&amp;CAO for Works of specialized nature (to be approved by the PHOD personally),for Works of Urgent nature (to be approved by the GM personally) and for Consultancy works (to be approved by the GM personally)</li> </ul>	<p>Accepted items of Sudhir Chandra 94/CE-I/ CT/4 Committee's Report (para 2.3.4.1, 2.3.4.2 &amp; 2.6.4.1)</p>	17.10.02	<b>A 1-5 (48)</b>
10	<p>Consequent upon recommendations made by Sudhir Chandra Committee, Board has approved the following amendments –</p> <p>1. For tenders <b>between Rs. 1 Crore and Rs. 8 Crores</b>, GMs may, prepare</p>	<p>Appointment of works contractors - Finalization of Tenders. Letter No.94/CE-I/CT/4</p>	04.06.03	<b>A 2-5 (70)</b>



	<p>an approved list and resort to <b>Limited Tenders</b> in consultation with Finance. (Instructions valid only till 31.3.2004 as an experimental measure.)</p> <p>2. For the works tenders having cost more than Rs. 1 crore and <b>upto Rs. 8 crores, as far as feasible, call the tender on Two Packet System</b> (2.8.5.1).</p> <p>3. <b>Eligibility Criteria</b> (Clause 2.3.4.1): Contractor should have completed at least one similar single work for a <b>minimum value of 35% of advertised tender value.</b></p>			
11	<p><b>Revised monetary slabs</b> for preparing approved list for calling limited tenders. Also Para (2) – <b>Two Packet System modified</b> &amp; Clause No.2.8.5.1 deleted &amp; new clause added.</p>	<p>Appointment of Works Contractors – Finalisation of tenders. Letter no. 94/CE-I/CT/4.</p>	11.6.03.	<b>A2-6 (71)</b>
12	<p>For ensuring competition in two packet system, provide adequate clause to <b>ensure participation by JVs/Partnership firms.</b></p>	<p>Inclusion of Joint Ventures/Partnership firms in tender conditions and NIT. Letter No. 2002/CE-I/CT/37</p>	02.08.06	<b>A 2-7 (75)</b>
13	<p>Add new Para (iv) in Board's letter of even number dated 27-8-1997 as under:- "However, Annual Maintenance Contract for equipments may be placed on authorized dealers with approval of Addl. General Managers." The existing Paras (iv) and (v) of Board's letter under reference may accordingly be renumbered as Paras (v) and (vi).</p>	<p>Procedure with regard to Single Tender – Award of contracts on Zonal Railways. Letter No. 97/CE_I/CT/32</p>	24.2.99	<b>A 2-8 (76)</b>
<b>3.0 Calling of Tenders</b>				
<b>SN</b>	<b>Instructions</b>	<b>Title of letter and letter no</b>	<b>Dated</b>	<b>Annexure No. (Page No.)</b>
1	<p>In all contracts where Rly. Materials are to be supplied, the special conditions should <b>specify the place where various materials are to be handed over</b> to the</p>	<p>Supply of Railway Materials to contractors. Letter no. 68/WI/CT/25</p>	12.07.68	<b>A3-1 (77)</b>





	contractor and it should also be made clear that all lead and lift from that place to the site of work would be at the expense of the contractor.			
2	<b>Before awarding a contract, detailed investigation of site</b> is necessary so that the contract does not fail.	Recommendation No.23 of the 23 <sup>rd</sup> report of the Public Accounts Committee (4 <sup>th</sup> Lok Sabha) on para 37 of Audit Report (Railways) 1967 – Extra Expenditure due to execution of work without exploration. Letter no. 68-B(C) PAC/IV/23 (23)	20.08.68	<b>A3-2 (77)</b>
3	No work or supply should be entrusted for execution to a contractor whose <b>capabilities and financial status</b> have not been <b>investigated</b> and found satisfactory.	Recommendation No.20 of the 23 <sup>rd</sup> Report (Fourth Lok Sabha) of the Public Accounts Committee on para of the Audit Report (Railways) 1967 – Western Railways – Extra expenditure due to failure of a contractor. Letter no. 68-B (C)-PAC/IV/23/20	25.10.68	<b>A3-3 (78)</b>
4	<b>Value</b> must be given in the tender documents <b>item wise</b> , even in the case of tenders called on percentage basis over the schedule of rates.	Letter no. 76/WI/CT/53	22.04.77	<b>A3-4 (79)</b>
5	Contracts for works should not be awarded <b>unless soil tests, site investigation have been completed</b> , 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.	Invitation of tenders before finalizing the site plans. Letter no. 80/W2/3/33	28/29.08.80	<b>A3-5 (79)</b>
6	Railways should ensure <b>availability of tender documents for sale immediately</b> 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.	Tender for works-Sale of tender documents. Letter no. 93/CE-I/CT/85	09.05.94	<b>A3-6 (80)</b>
7	Recommendations of committee on such defects which are commonly prevalent in execution of works	Procedure for inviting tenders and awarding works contracts. Letter no. 94/CE-I/CT/4	17.09.97	<b>A3-7 (81)</b>
8	The tender documents in the case of open Tenders, are to <b>be issued to all those prospective tenderers who deposit the fee.</b>	Selling of tender documents for open tenders. Letter no. 2000/CE-I/CT/42	12.02.01	<b>A3-8 (86)</b>
9	Ensure availability of the <b>tender</b>	Sub: Delay in issue of the tender papers and lengthy	17.08.01	<b>A3-9</b>



	<b>document for sale immediately after the tender notices are published in the newspapers. .</b>	tender notices. Letter no. 2001/CE.I/CT/20 dt.		<b>(87)</b>
10	<b>Avoid issuing repeated corrigenda to original tender notice.</b>	Issue of repeated corrigenda to original Tender Notice. Letter no. 2001/V3/N/Misc./Tender	23.06.01	<b>A3-10 (88)</b>
11	Before calling the tenders, <b>realistic cost estimates</b> should be prepared and tender notice should be given maximum publicity.	Processing of Tenders 2000/W-1/NE/NL/ 10	17-10-01	<b>A 3-11 (89)</b>
12	<b>Advance planning and preparation</b> needs to be done before executing the works.	Sub: Safety Works. Letter no. 2001/CE.I/CT/23	07.11.01	<b>A3-12 (90)</b>
13	The modified revised comprehensive <b>eligibility criteria for fresh registration.</b>	Appointment of Works Contractor-Finalization of tenders-Eligibility criteria for enlistment of Contractors in 'A; to 'D' Category. Letter no. 94/CE-I/CT/4	20.03.02	<b>A3-13 (91)</b>
14	<b>Standard Contract Clauses and the Standard General Conditions for Domestic Contracts available on the internet at www.cidcindia.net.</b>	Web hosting of Standard Contract Clauses & Standard General conditions for Domestic Contracts. Letter no. 2000/Works/Genl/Tender on Int	02.04.02	<b>A3-14 (93)</b>
15	Notices for inviting <b>limited tenders be also put on Internet</b> wherever is possible, besides tender notices and documents of open tenders.	Putting up of Tender Notices and Tender Documents on the Internet (Works Contracts). Letter no. 2002/CE.I/CT/5	29.07.02	<b>A3-15 (93)</b>
16	System of <b>indicating rates for individual items in the schedule(s)</b> and asking the tenderers to quote a common percentage for all items in a schedule all schedules may be preferred wherever possible	Accepted items of Sudhir Chandra 94/CE-I/ CT/4 Committee's Report (Item 5.3.3)	17.10.02	<b>A 1-5 (48)</b>
17	<b>10% preference to PSUs</b>	Accepted items of Sudhir Chandra 94/CE-I/ CT/4 Committee's Report (Item 3.4.3)	17.10.02	<b>A 1-5 (48)</b>
18	To overcome complaints of <b>mafia, place tender papers on secured website</b> so that the same can be downloaded from a Personal Computer by the intending bidder.	Placing of tender documents on website (Internet) of works contracts. Letter no. 2002/CE/1/CT/5	28.10.02	<b>A3-16 (95)</b>
19	<b>Position of placing of tenders on web site be given through modified Monthly PCDOs</b> for the perusal of Board.	Putting up of Tender notices and Tender documents on the Internet (Works Contracts). Letter no. 2002/CE-I/CT/5	17.01.03	<b>A3-17 (96)</b>



20	<p>It should be ensured that <b>pre-qualification criteria, performance criteria and evaluation criteria are incorporated in the bid documents</b> in clear and unambiguous terms.</p> <p>Whenever required the departments/organizations should have follow two-bid system.</p>	<p>Irregularities in the award of contracts. Letter no. No.98/ORD/1</p>	04.09.03	<b>A3-18 (98)</b>
21	<p>Recommendations of Committee constituted on <b>mafia in Works contracts</b> and to make suggestions for overcoming/mitigating.</p>	<p>Report of Mafia problems in Railway Works Contracts. Letter no. 2002/CE-I/CT/38/Policy.</p>	09/10.11.03	<b>A3-19 (99)</b>
22	<p>Till the Schedule of Rates (SOR) are revised to cater for long leads also, <b>tenders for transportation of material by road should be called based on SOR rates upto the leads which are catered for in the SOR</b> directly i.e. without operating the items for additional lead.</p> <p>Tender for leads, more than the leads provided for in the SOR, should be called based on non-schedule items duly following the procedure prescribed for such items.</p>	<p>Transportation of material by road. Letter no. No.2001/CE-I/CT/33(SOR) Pt.</p>	13.11.03	<b>A3-20 (100)</b>
23	<p><b>Vigilance desires all documents be put up on web site</b> without fail.</p>	<p>Improving vigilance administration – increasing transparency in tendering. Letter no. 2003/VI/CVC/1/21</p>	24.02.04	<b>A3-21 (101)</b>
24	<p>Speed up the process of <b>e-tendering</b> to check the mal-practices in tendering system.</p>	<p>e-tendering to curb mal-practices in tendering. Letter no. 2004/CEI/Misc./MR's instructions</p>	21.06.04	<b>A3-22 (102)</b>
25	<p>In future contracts of the works in metropolitan areas of the Howrah, Mumbai, Delhi and Chennai, a special condition may be included in tender documents that <b>the contractor will purchase season tickets</b> as per the extant procedure for his labour for travel by train in order to ensure adequate facilities for their transportation from their place of living to the place of work and back on a trial basis.</p>	<p>Travel facilities to the labour of Rly . contractor. Letter no. 2004/CEI/Misc./MR's instructions</p>	03.09.04	<b>A3-23 (103)</b>



26	Decision of Govt.of India to extend the <b>policy of purchase preference</b> for Products and Services of Central Public Sector Enterprises for one more year w.e.f. 1.4.2004 to 31.3.2005 for strict compliance. The term “services” also includes ‘works contracts’.	Purchase preference for products and services of Central Public Sector Enterprises (CPSE) Letter no. 98/CE.I/CT/32	25.02.05	<b>A3-24 (104)</b>
27	The <b>details of all the tenders/ works contracts of value more than rupees one crore should be given on the website.</b> The following detail should also be given : i) Actual date of start of work ii) Actual date of completion iii) Reasons for delays, if any	On award of tenders/contracts publishing on websites. Letter no. 2004/ V-1/CVC/1/18 dated	13.4.05	<b>A3-25 (105)</b>
28	<b>Cost of tender forms, plans, and registered post, for all categories of tenders revised.</b>	Correction slip to Para 1240 A of Indian Railway Code for the Engg.Deptt. 1999 (Third Re-print).- 1240 A – Cost of Tender Forms. Letter no. 94/CE.I/CT/53	18.05.07	<b>A3-26 (105)</b>
29	<b><u>Para 1209 E</u></b> The words and figures ‘ <b>Rs. 1 Lakh appearing in Para 1209 – E may be substituted by Rs. 2 lakhs.</b> ’	Calling of tenders for works contracts- Advance Correction Slip No.35 to Para 1209-E. Letter no. 2001/CE.I/CT/17	22.11.01	<b>A3-27 (107)</b>
30	Add Sub Para 1214-A to Para 1214-E as under:- 1214-A: Single Tender can be awarded under following situation such as:- 1) <b>EMERGENT SITUATION:-</b> (a) Accidents, breaches involving dislocation to traffic. (b) Works of specialized 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. (c) Any other situation where General Manager personally considers it inescapable to call for single tenders subject to this powers can be exercised by GM only with prior concurrence of Finance. 2)Annual Maintenance Contract for	Calling of Limited Tenders – Issue of Correction Slip to Engineering Code. Letter no. 97/CE.I/CT/32	19.01.00	<b>A3-28 (108)</b>



	<p>equipment can be placed on single tender basis on authorized dealers with approval of Additional General Managers of Railways.</p> <p>NOTE: These powers may be delegated by the General Managers in consultation with FA&amp;CAOs to PHODs /DRMs upto a maximum of Rs.5 lakhs per item per annum. On re-delegation, these powers would be exercised by PHODs/DRMs in consultation with associate finance.</p>			
31	<p>Instructions of Board's letter No.76/W.I/CT/53 dated 22-4-1977. are still valid which are-</p> <p>Non inclusion of approximate quantities /value itemwise has a definite vigilance potential in as much as the intense position of the tender can be altered by making adjustments in the quantities in case of item rate tenders. Even in the case of tenders called on percentage basis over the schedule of rates, it would be desirable to indicate the quantities / values of various items of works at least in respect of broad major building activity, earthwork, sanitary work, water supply etc. so as to give a better assessment of work to the contractor and to enable him to furnish reasonable and competitive rates. Board, therefore, desire that the Railways should strictly follow the extant instructions in this regard and avoid recurrence of such incidents. In this connection attention is invited to para 339 &amp; 416 of the Indian Railways Code for Stores Department, which is also applicable to works contracts.</p>	<p>Deficiencies in percentage rate tenders. Letter no. 98/CE.I/CT/85</p>	06.09.99	<b>A3-29 (109)</b>
<p><b>4.0 Earnest Money and Security Deposit for Works Contracts</b></p>				



SN	Instructions	Title of letter and letter no	Dated	Annexure No. (Page No.)
1	<b>Tenders unaccompanied by the requisite earnest money</b> should, under no circumstances, be entertained and should be summarily rejected.	Earnest Money for Works and Stores Contracts Letter no. 66/WI/CT-22A	20.5.67	<b>A 4-1 (110)</b>
2	The <b>earnest money should be rounded off</b> to the next higher ten rupees/hundred rupees if amount of Earnest Money is less than hundred/thousand rupees respectively.	Earnest money -Rounding off of Letter no. 78/WI/CT/13 (Policy)	22.12.78	<b>A 4-2 (111)</b>
3	A successful bidder should give a <b>Performance Guarantee</b> in the form of an irrevocable bank guarantee amounting to 5% of the contract value.	Performance Guarantee Letter no. 2006/W/11/NWR/O/PG/1	24.04.06	<b>A 4-3 (111)</b>
4	<b>Amendments in GCC:</b> (Clause 5) SEM is being dispensed with.  The successful bidder should give a <b>Performance Guarantee amounting to 5% of the contract value</b> , after the letter of acceptance has been issued, which should be valid up to expiry of the maintenance period.	Amendment to General Conditions of Contract (works contracts) Letter no. 2003/CE-I/CT/4/PT.I.	16.05.06	<b>A 4-4 (112)</b>
5	S.No.1 clause 5/2(b) at page 3 pertaining to <b>Standing or Permanent Earnest Money stands DELETED.</b>	Amendment of General Conditions of contract (Works contract). Letter no. 2003/CE-I/CT/4/PT.I	30.05.06	<b>A 4-5 (117)</b>
6	<b>Earnest money</b> for works estimated to cost up to Rs. 25 crore should be 2% of the estimated cost & Earnest money for works estimated to cost more than Rs. 25 crore should be Rs. 50 lakhs plus 1% of the excess of the estimated cost beyond Rs. 25 crore.	Amendment of General Conditions of contract (Works contract). Letter no. 2003/CE-I/CT/4/Pt.I	07.12.06	<b>A 4-6 (118)</b>
7	<b>Instructions on Performance Guarantee have been partially modified.</b>	Amendment to General Conditions of contract:- (Works contract) Letter no. 2003/CE.I/CT/4Pt.I	23.5.07	<b>A4-7 (119)</b>
<b>5.0 OPENING OF TENDERS &amp; SCRUTINY</b>				
SN	Instructions	Title of letter and letter no	Dated	Annexure No. (Page No.)
1	In some cases some <b>anti-social elements</b> obstruct the tenderers in dropping the tenders in the tender box at	Facilitating Submission of Tenders Letter no. 90/CE-I/CT/1	28.10.98	<b>A-5- 1 (120)</b>



	nominated place To avoid this, tender boxes may be kept at more than one place.			
2	<b>Negotiations</b> shall never be held except with the lowest tender i.e. L-1.	Procedure for inviting tenders and awarding works contracts (Para No.1) Letter no. 90/CE-I/CT/1	27.01.99	<b>A-5- 2 (121)</b>
3	While framing tender schedule, <b>the safety precautions to be taken e.g.</b> suitable barricading to forewarn the road vehicle driver, its type, level of contractors supervisors who will necessarily be present if work is being done in vicinity of track etc., <b>should be specifically provided as an item in tender schedule.</b>	Unusual occurrence at work sites. Letter no. 2000/CE-II/PRA/12	18.11.03	<b>A5-3 (121)</b>
4	<b>D1'</b> category of the contractors should be deleted.	Appointment of Works Contractors (Finalization of Tenders) –Corrections to Annexure-I of letter of even no. dtd.11.06.03 Letter no. 94/CE-I/CT/4	07.07.04	<b>A-5- 4 (122)</b>
5	<b>Central Vigilance Commission:</b> The receipt of tenders should be through tender boxes. However, <b>in case where the tenders are required to be submitted by hand</b> , names and designation of at least two officers are mentioned in the bid documents.	Receipt and opening of Tenders. Letter no. 99/RS(G)/779/2	23.09.04	<b>A5-5 (123)</b>
6	<b>All corrections</b> in the quotations should be noted, recorded and <b>initialled</b> by the tender opening clerk, stores and accounts representatives.  The <b>number of corrections</b> should be noted in the tender <b>at the bottom.</b>	Procedure of Tender Opening Letter no. 99/RS(G)/779/2	07.12.04	<b>A-5- 6 (125)</b>
<b>6.0 Formation of Tender Committee</b>				
<b>SN</b>	<b>Instructions</b>	<b>Title of letter and letter no</b>	<b>Dated</b>	<b>Annexure No. (Page No.)</b>
1	In order to avoid vitiation in contracts caused due to high variations occurring due to unforeseen situations, the practice of <b>calling item wise rates</b> to be quoted by tenderer <b>should be avoided</b> as far as possible.  For items covered by the standard	Rates for items of work. Letter no. 87/WI/CT/65	13.01.88	<b>A 6- 1 (126)</b>



	schedule of rates and also for items not covered in the standard schedule of rates, tenders should be called for on the basis of the percentage above or below the schedule given in documents.			
2	Consequent to this posting of ADRM's on all the divisions, <b>Tender Committee recommendations</b> should be put up to <b>next higher authority only</b> , for acceptance and practice of putting T.C. recommendations to colleagues should be discontinued with immediately effect.	Constitution of Tender Committee and acceptance of Tender. Letter no. 83/CE.I/CT/76.	23.12.88	<b>A 6- 2 (127)</b>
<b>7.0 <u>Consideration of Tender</u></b>				
<b>SN</b>	<b>Instructions</b>	<b>Title of letter and letter no</b>	<b>Dated</b>	<b>Annexure No. (Page No.)</b>
1	Make every effort to <b>place an order within validity period.</b>  Extension of the validity period should be asked for well in advance, only when it is considered that for inescapable reasons, the contract cannot be finalized within the validity period.	Finalization of tenders within the period of validity of the offers. Letter no. 60/777/RS(G)	13.02.60	<b>A 7- 1 (128)</b>
2	The Ministry of Law have suggested that when Tenderers are called for <b>negotiations, they should be addressed as follows:</b>  The <b>rates quoted in your tender are considered high.</b> You are, therefore, requested to come for negotiations of rates on (date) (or) It is <b>proposed to discuss with you certain conditions</b> of your tender. You are, therefore, requested to come for negotiations only in case you are prepared to furnish before such date the declaration appended herewith.	Negotiations with Tenderers – Acceptance of original offers in cases where revised quotations are higher. Letter no. 61/WII/CT/24	31.10.65	<b>A 7- 2 (129)</b>
3	“While observing all procedural requirements, the processing and consideration of tenders should be streamlined in such a systematic manner	Delay in finalization of tenders. Letter no. 66/B(c)-PAC/III/53(10)	07.12.66	<b>A 7- 3 (131)</b>





	that <b>no undue delay</b> occurs at any stage.”			
4	Tender Committee should <b>give reasons in greater details while rejecting the lowest tenderer</b> , form proposal appraisal of the case later, if necessary.	Tender- Rejection of lowest offer. Letter no. 68/WI/CT/15	15.07.68	<b>A 7- 4 (132)</b>
5	It is improper to give an <b>impractical delivery period, accept a higher rate</b> and then give an extension of delivery period because the delivery period given was impractical.	Incorrect Assessment of Time for Transport, Assembly and Erection of Girders 63/747/29/TPACT	05-07-68	<b>A 7-5 (132)</b>
6	Tender Committed may use their discretion for considering tenders without the valid Income Tax clearance certificate, but in the event of such a tender being accepted, <b>no payment will be made to the contractor until and unless a valid Income Tax Clearance certificate</b> is produced.	Acceptance of Tenders unaccompanied by a valid Income Tax Clearance certificate. Letter no. 69/W1/CT/38	18.09.69	<b>A 7- 6 (133)</b>
7	While evaluating tenders, the tender documents should be carefully scrutinized particularly to ensure that the <b>rates quoted for individual items are realistic</b> and are not unreasonable in respect of any item of work.  Also along with the tabular statement of tenders for the consideration of the tender committee, a <b>short briefing note</b> should be furnished for their information indicating the last accepted rates for similar work in that area, analysis of financial standing, technical competence and capacity of contractor etc.	Scrutiny and evaluation of tenders by the Tender Committee. Letter no. 72/WI/CT/42	17.11.72	<b>A 7- 7 (133)</b>
8	The tender committee should ensure that <b>real fair competition exists</b> in response to the tender notice before they recommend acceptance of one of the tenders and it should be ensured that no undue advantage accrues to a <b>group of persons/firms controlled by the same management</b> , should they alone be in the field of competition in response to open tender.	Imposing restrictions on submission of separate tenders by two or more firms owned or controlled by one of same group of persons. Letter no. 72/WI/CT/32	14.05.74	<b>A 7- 8 (134)</b>
9	<b>Cases of concealment of wealth</b> should render the contractor <b>ineligible for</b>	Income Tax clearance certificate—Issue of non-award of contracts on levy of	28.05/06.06 .75	<b>A 7- 9 (135)</b>



	<b>Government contracts for three years.</b>	penalty/conviction for concealment of income/wealth. Letter no. 75 W1/CT/13		
10	1. Tender accepting authority should take final decision on the Tender Committee's recommendations after considering the viewpoints of all members of the committee. <b>The accepting authority should record his reasons in writing for not accepting the recommendations of any Member.</b>	Tender Committee Proceedings. Letter no. 74.AC.III/30/6	11.03.77	<b>A 7- 10 (137)</b>
11	The fundamental requirements of <b>safeguarding Railway's financial interest</b> should be observed.	Award of contracts – conduct of negotiations for- Letter no. 77/W1/CT/20	29.04.77	<b>A 7- 11 (138)</b>
12	<b>Tender Committee to bring out specifically any deviation</b> of the procedures, special conditions influencing the decision etc.  The staff & officer preparing it <b>must sign each and every page</b> of the comparative statement.	Report of the Task Force of Vigilance Recommendation No.212. 78/W1/CT/47(Task Force)	03-03-79	<b>A 7-12 (138)</b>
13	<b>Late tenders/delayed tenders/post tender offers should be totally rejected.</b>	Non-acceptance of late/delayed/post tender offers. Letter no. 71/RS(G)/777	01.08.81	<b>A 7- 13 (140)</b>
14	<b>Late tenders from established/reliable suppliers</b> and conferring a substantial <b>financial advantage</b> is to be considered, notwithstanding the general ban, after obtaining <b>Board's approval</b> . These proposals require personal approval of GM and concurrence from FA&CAO.	Non acceptance of late/delayed/post tender offers. Letter no. 71/RS(G)/777	19.04.84	<b>A 7- 14 (141)</b>
15	<b>Late tenders/delayed tenders/post tender offers should be totally rejected.</b>	Non- acceptance of late/delayed/post tender offers. Letter no. 83/W1/CT/17	30.07.84	<b>A 7- 15 (142)</b>
16	<b>Under no circumstances any of the members of the tender committee should refer the tender case to any officers/staff under him</b> or to anyone also for scrutiny and/or comments.	Procedure for dealing with tenders by the Tender Committee. Letter no. 87/RS(G)/777/3	6.11.87	<b>A7-16 (142)</b>
17	To avoid delay in finalization of tenders, <b>time schedule for finalization of all tenders</b> has been laid down.	Sub: Finalization of tenders within the period of validity of the offer. Letter no. 74-W/24 Pt.VII(Policy)	21/31.12.87	<b>A7-17 (144)</b>
18	<b>Enhancement</b> of contract value <b>beyond 25%</b> of the Original contract value should be resorted to <b>scarcely</b> . In cases	Enhancement of original Tender Value. Letter no. 94/CE-I/CT/37	05.05.95	<b>A 7- 18 (146)</b>



	<p>where enhancement beyond 25% is unavoidable and has to be resorted to, <b>reasons for doing so are to be recorded</b> on file by officers making the proposal.</p> <p>Also the procedure, as brought out in Annexure-I of this letter should be followed for introducing any new items or <b>while approving variation of quantities.</b></p>			
19	<b>Procedures laid down for award of Single Tenders.</b>	Procedure with regard to single tenders/awards of contracts on Zonal Railways Letter no. 93/WZ/PQR/ SC/4 /Pt.	27.09.96	<b>A7-19 (148)</b>
20	The <b>Purchase Preference Policy</b> has been <b>extended</b> up to the period 31.3.2000.	Purchase preference for products and services of Public Enterprises. Letter no. 98/CE-I/CT/32.	21.08.98	<b>A 7-20 (151)</b>
21	The guidelines issued by CVC: In tenders, <b>post-tender negotiations</b> are the main source of corruption. <b>Post tender negotiations are banned with immediate effect except in the case of negotiations with L-1 (i.e. Lowest Tenders)</b>	Negotiations in Works Tender-Engineering Standard Order No.9 (Nine) Letter no. 99/CE-I/CT/1	15.01.99	<b>A 7-21 (151)</b>
22	<b>Central Vigilance Commissioner-</b>  (i) <b>Purchase preference</b> for public sector <b>should continue</b> to be implemented. (ii) Some organizations have been using the <b>public sectors</b> as a shield or a conduit for getting <b>costly inputs</b> or for improper purchases. This also <b>should be avoided.</b> (iii) If <b>quantity</b> to be ordered is much <b>more than L1 alone can supply</b> , the quantity order may <b>be distributed</b> in a fair, transparent and equitable manner.	Improving Vigilance Administration –Tenders. Letter no. 98/ORD/1	15.03.99	<b>A7- 22 (152)</b>
23	If <b>L-1 party backs out</b> during negotiations, there should be <b>retendering.</b>	Improving Vigilance Administration –Tenders. Letter no. 98/ORD/1	24.08.00	<b>A 7-23 (153)</b>
24	<b>MR directs that all tender files</b> to be put up to the appropriate authority for final decision <b>within 3 months</b> of the receipt of offers.	Timely settlement of Tenders. Letter no. 2000/CE.1/CT/1 Pt.	24.08.00	<b>A 7-24 (154)</b>
25	If sub- sectioning has been done with a	Irregularities in award of work to the Contractor-Issue of	12.04.01	<b>A7-25</b>



	view to expedite the work, then <b>only one tender will be awarded to one firm.</b> Or if the same firm becomes L-1 in all the sub-sections, evaluation of the firm for its fitness for award of all the works should be done for the work as a whole.	instructions. Letter no. 2001/CE.I/CT/3		<b>(155)</b>
26	<b>All Works Tenders, which are required to be sent to the Board</b> for acceptance, will henceforth be dealt with by a <b>Tender Committee at PHOD level.</b>	Sub: Works tenders to be accepted at Board's level. Letter no. 2001/CE.I/CT/14	08.01.02	<b>A7-26 (155)</b>
27	<b>Instructions for holding of negotiations only with L.I will not be applicable for works/projects being funded from the sources other than consolidated fund of India.</b>	Applicability of CVC's instructions on post tender negotiations. Letter no. No.90/CE.I./CT/1/Pt.	10.07.02	<b>A7-27 (156)</b>
28	<b>L-1</b> should be defined as the lowest, valid, eligible and technically acceptable tenderer who <b>would have been otherwise considered</b> for award of contract directly, if the rates were not unreasonably high. (3.4.1)  <b>Negotiations should be held with L-1 only</b> as defined above. (3.4.2)	Accepted items of Sudhir Chandra 94/CE-I/ CT/4 Committee's Report	17.10.02	<b>A 1-5 (48)</b>
29	Any other rate(s) considered reasonable by Tender Committee may be adopted while finalizing the tender and <b>counter offered</b> on the tenderer. (4.5.2)	Accepted items of Sudhir Chandra 94/CE-I/ CT/4 Committee's Report	17.10.02	<b>A 1-5 (48)</b>
30	For <b>variations in quantity</b> , reduce rates by 2% in variation slabs of 10% and negotiate beyond 50% (5.3.6,5.3.7)	Accepted items of Sudhir Chandra 94/CE-I/ CT/4 Committee's Report	17.10.02	<b>A 1-5 (48)</b>
31	(i) <b>List of approved and working contractors</b> in various categories, with details regarding status of standing earnest money, performance on completed/ongoing works and other relevant credentials should be prepared.  (ii) <b>Database of last accepted rates</b> of all the works awarded during the last 3-4 years (with special features if any) should also, be prepared.  (iii) Information should also be kept of	Use of Information Technology in Contract Management. Letter no. No.2002/CE/I/CT/5	16.01.03	<b>A7-28 (157)</b>



	firms with <b>experience in specialized area of work.</b>			
32	Submission of a <b>copy of ITCC</b> for the purpose of tender or for the purpose of making payment to the contractor <b>may not be insisted upon.</b>	Submission of Income Tax Clearance Certificate (ITCC) by Contractors/Tenderers. Letter no. 94/CE-I/CT/4(pt-II)	06.05.03	<b>A7-29 (159)</b>
33	<b>Vigilance</b> Branch has directed that <b>if L 1 is bypassed</b> on the grounds of credentials and tender is awarded to L 2 at a higher rate, <b>decision has to be substantiated by the tender committee adequately.</b>	Issue of instructions in regard to drawing up of self-contained and self-explanatory TC Minutes. Letter no. 2003/CE.I/CT/14.	15.10.03	<b>A7-30 (160)</b>
34	<b>If L-1 backs out, there should be re tendering</b> in a transparent and fair manner. The authority may, in such a situation, call for limited or short notice tender if so justified in the interest of work and take a decision on the basis of lowest tender. However, while deciding on L-1 instructions as contained in para 3.4.1 of Board's letter no. 94/CE.I/CT/4 dt. 17.10.2002 should be observed.	Improving Vigilance Administration –Works Tenders. Letter no. 90/CE.I/CT/1 Pt. dt.	19/21.11.03	<b>A7-31 (161)</b>
35	In all tender cases, recommendation of <b>Tender Committee (T.C.)</b> should be put up to <b>next higher authority</b> for acceptance.	Improper use of Schedule of Powers (SOP) in finalization of tender. Letter no. 2004/CE-I/CT/13	24.08.04	<b>A7-32 (163)</b>
36	<b>Adequate safeguards should be in built in the contract conditions to effect timely recovery of advances.</b>	Sub: Various advances to the contractors. Letter no. 2004/BC/AP/3.9/2002-03	01.09.05	<b>A7-33 (164)</b>
37	<b>Amended minimum technical eligibility criteria</b> for open tenders costing above Rs. 10 lakhs stipulated vide item 2 of Clause 2.3.4.1 are  (i) <b>Similar nature of works</b> physically completed within the qualifying period, i.e. the <b>last 3 financial years</b> and current financial year should only be considered.  (ii) The <b>total value of similar nature of works completed</b> during the qualifying period should be considered.  (iii) In the case of <b>composite works involving combination of different</b>	Minimum eligibility criteria in Works Tenders. Letter no. 94/CE-I/CT/4	21.06.06 and 23.11.06	<b>A 7-34 &amp; 35 (164 &amp; 166)</b>



	<p><b>works, even separate completed works</b> of required value should be considered while evaluating the eligibility criteria.</p> <p>(iv) <b>Similar nature of works should be clearly defined by the PHODs</b> of the Zonal railways and it should be strictly followed by the concerned Zonal Railways and the same should be indicated in the NTT/Tender document also.</p>			
38	<p><b>The financial capacity, capability and past performance of the tenderer/contractor should be investigated/examined in detail by the Tender Committee before recommending him/her for awarding a contract</b> duly considering the existing work load with the tenderer(s).</p>	<p>Role of Tender Committee (T.C.) in finalizing the Works Tenders/Contracts. Letter no. 94/CE-I/CT/4(Pt.II)</p>	19.11.03	<b>A7-36 (167)</b>
39	<p><b>Board from time to time have issued following instructions</b> directly or indirectly which could be quite effective if implemented suitable <b>to handle mafia problem effectively.</b></p> <p>1) <b>Receiving the tender papers at more than one place and then bringing the tender boxes at a pre-assigned place for opening.</b> (Board's letter No.90/CE-I/CT/1 dated 28-10-1998).</p> <p>2) <b>Alternatively, the tenders may be opened simultaneously at more than one place.</b> However, this needs meticulous planning and monitoring to ensure opening of the tenders at the pre-assigned time simultaneously.</p> <p>3) <b>Placing the tender papers on a website (internet).</b> Instructions issued by vide ESO No.29/10/5 issued vide Board's letter No.2002/CE-I/CT/5 dated 29-7-2002 may please connected.</p>	<p>Mafia problem in works tenders. Letter no. 90/CE-I/CT/1</p>	25/29.10.02	<b>A7-37 (169)</b>



	<p>4) <b>Receiving the tender papers through post/courier etc.</b></p> <p>5) <b>Preparation of tender papers well in advance, at least 15 days, before the due date of opening tender.</b> (Board's letter No.93/CE-I/CT/85 dated 9-5-1994).</p> <p>6) <b>Black-listing /de-listing of such contractors who have been found indulging in the mal-practices or whose performance has not been satisfactory.</b> In this connection, instructions issued recently on "Appointment of Works Contractors" based on recommendation of a Committee headed by Shri Sudhir Chandra and etel vide Board's letter No.94/CE-I/CT/4 dated 17-10-2002 may also be connected.</p>			
40	<p>A Railway employee had informed the administration that his wife was <b>doing business with the Railway administration living in railway premises.</b> This is against the rules. To avoid recurrence of such things in future, <b>it is suggested that tender issuing officials and tender committee members may look into the aspect of official address of the firm and their power of attorney etc. to avoid such lapses.</b></p>	<p>Banning of business with the wife of Railway employee living in the railway premises. Letter no. 2000/CE.I/CT/28</p>	19.06.00	<b>A7-38 (170)</b>
41	<p>At present cases of award of contracts for works/stores <b>exceeding Rs.8 crores and upto Rs.15 crores are being decided by the concerned Board Member.</b> Consequent upon the <b>enhancement of the financial powers of General Managers for award of contract from Rs.8 crores to Rs.15 crores, it has been decided that henceforth cases of award of contracts for Works / Stores exceeding Rs.15</b></p>	<p>Enhancement of the financial powers of General Managers &amp; Board Members Letter no. 2001/O&amp;M/5/3</p>	21.09.01	<b>A7-39 (170)</b>



	<b>crores and upto Rs.22 crores will now be put up to the concerned Board Members for approval.</b>			
42	With a view to streamline the procedure for acceptance, procedure similar to that of <b>Appreciation Committee for tenders of Stores Dte., as laid down in Office Order No.40 of 1988, is to be followed,</b>	Works Tenders – Appreciation Committee (Railway Board). Letter no. 90/CE-I/CT/27	10.05.93	<b>A7-40 (171)</b>
43	<b>When the tenders received are considered to be unreasonably high in value and where the lowest tender is technically unacceptable or is rejected because of unsatisfactory credentials, capacity or unworkable rates and the next higher offers are also found to be unreasonably high, negotiations are conducted with the Tenderers with a view to only bringing down the rates.</b> The Tenderers, are, however, not allowed that while reducing their rates in some of the items of the work can also increase their rates in some other items of the work. <b>Before the tenderers are called for negotiations, they are to be addressed as laid down in Board's letter No.61/W2/CT/24 dated 31-10-1965 so that the rates originally quoted by them shall remain open for acceptance in the event of failure of the contemplated negotiations.</b> Further, according to clause of the Standard Regulations, it is within the Railway's might to invite tenders for any work or works, or to invite open or limited tenders, and when tenders are called, to accept a tender in whole or in part or reject any tender or all tenders without assigning reasons for any such action.	Negotiations with the Tenderers. Letter no. 84/W1/CT/28(P)	09.07.85	<b>A7-41 (172)</b>





## 8.0 Zonal Contracts & Pre- Qualification

SN	Instructions	Title of letter and letter no	Dated	Annexure No. (Page No.)
1	While the term for <b>zonal contract</b> should continue to be <b>1<sup>st</sup> July to 30<sup>th</sup> June</b> but 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 30 <sup>th</sup> June.	Zonal Contracts. Letter no. 63/WII/CT/28	05.03.66	<b>A 8- 1 (173)</b>
2	For works of large magnitude and requiring special expertise, contractors must be pre qualified first, in consultation with associate finance. (eg. <b>Earth work involving Mechanical compaction, Soil stabilization, Heavy and deep rock cutting, Tunnelling, Cut and cover construction, special Bridge works, Building and structural works of high cost and/or involving Pile foundations, Shell and folded plate Construction of diaphragm walls etc., Water and sewerage treatment wells, sheet pilling works, Construction works requiring large mobilization of plant and machinery etc.</b> )	Pre-qualification of contracts and consultancy of contracts etc. Letter no. 85/W1/CT/23-GCC	31.01.86	<b>A 1- 2 (32)</b>
3	Detailed instructions on <b>kind and limits of advances</b> that can be paid to contractors in major contracts (para 5).	Pre-qualification of contracts and consultancy of contracts etc. Letter no. 85/W1/CT/23-GCC	31.01.86	<b>A 1- 2 (32)</b>
4	i) Grant of <b>separate advances</b> towards mobilization, plan & machinery and for accelerating progress of works at mid-stream, <b>limited to extent of 10% each</b> of the contract value for first two items and 5% of contract value or Rs. 5 lakhs whichever is less holds goods and the railways may implement them even if necessary changes in the codal provision have not been effected yet.	Pre-qualifications of contracts and consultancy of contracts etc. Letter no. 85/WI/CT/23-GCC	10.02.87	<b>A 8- 2 (174)</b>
5	The <b>existing criteria</b> as contained in recommendation No.3.3 <b>for enlistment of contractors of categories (A) to (C) may be modified</b> as given in the enclosed statement.	Pre-qualification of contracts and consultancy of contracts etc. Letter no. 85/W-I/CT/23GCC.	16.08.89	<b>A 8- 3 (176)</b>
6	<b>Selection Committee</b> and the	Pre-qualification of contracts	25.08.89	<b>A 8- 4</b>



	Accepting Authority for selecting contractors in A, B and C categories <b>revised.</b>	and consultancy of contracts etc. maintenance of list of approved contractors. Letter no. 85/W-I/CT/23GCC.(Part-I)		<b>(177)</b>
7	<b>Selection of contractors</b> for enlistment in the Approved List should be done <b>by a committee</b> (2.5.4.8).	Accepted items of Sudhir Chandra 94/CE-I/ CT/4 Committee's Report	17.10.02	<b>A 1-5 (48)</b>
8	<b>In order to make the execution of zonal works contracts more transparent and free from irregularities, Board have decided that the following instructions should be followed meticulously:-</b> (i) <b>Individual work orders required for the zonal contracts should have sufficient details about locations where the work is to be carried out.</b> The works involving repairs/construction of drains, roads and pipelines should be accompanied with relevant sketches pinpointing the exact locations and type of work required to be carried out. (ii) <b>Technical check of each work order shall be done by the Division (CDM) at final bill stage</b> to ensure that the locations and quantities mentioned in the work orders tally with the bills submitted by field units and are technically justified. (iii) <b>Date of last repairs of the work under consideration, particularly in case of white-washing/painting etc. shall invariably be mentioned in the work order if the same work was undertaken at the same location within last 3 years.</b> (iv) <b>Detailed measurements of repetitive works like white washing etc. should be based upon Standard Measurement Books (SMBs) as prescribed in the Engineering Code Para No.1327.</b> The system of using the	Irregularities in execution of Annual Zonal Contracts. <u>ESO No. 17</u> Letter no. 99/CE-I/CT/60	21.05.03	<b>A 8-5 (178)</b>



	reference MBs, if in vogue on any of the Railway/Unit, should be discontinued. If necessary, one time exercise may be taken for getting the SMBs prepared. (v) <b>All Work Orders should be sanctioned by 31<sup>st</sup> March.</b> However, only in exceptional cases, DEN/Sr.DEN can sanction the Work Order beyond 31 <sup>st</sup> March with the reasons duly recorded.			
9	Instructions already exist that <b>before calling the tenders involving the highly specialized work, the special conditions for carrying out the special works should invariably be got approved from the Headquarters Office &amp; these should be strictly followed so as to avoid any complications in future.</b>	Works of specialized nature. Letter no. 99/CE.I/CT/43	05.08.99	<b>A 8-6 (179)</b>
<b>9.0 Price Variation Clause</b>				
<b>SN</b>	<b>Instructions</b>	<b>Title of letter and letter no</b>	<b>Dated</b>	<b>Annexure No. (Page No.)</b>
1	<b>Price variation clause</b> as indicated in Annexure-I of the letter may be provided in future contracts <b>valuing Rs.,25 lakhs and above.</b>	General conditions of contract-inclusion of price variation clause. Letter no. 80/WI/CT/10	23.04.80	<b>A 9- 1 (180)</b>
2	1. <b>Price variation clause will not apply</b> if the price variation is <b>up to 5%.</b>  2. <b>Price variation</b> clause should be applicable only to contracts where the stipulated period of completion is <b>more than one year.</b>  3. <b>The price variation</b> clause may be applicable to contracts valuing <b>Rs. 10 Lakhs and above.</b>  4.The <b>fixed cost</b> of the contract value on which no price variation would be permissible may be kept at <b>15%</b> of the value of the contract.	General Conditions of Contract Price Variation Clauses – amendment thereto. Letter no. 85/WI/CT/7	20.01.87	<b>A 9- 2 (185)</b>



	<p>5.For all <b>extensions of time</b> granted to the stipulated date of completion of work, the <b>price variation</b> clause <b>will be applicable except</b> extension(s) granted under clause (17)(4) of General Conditions of contract.</p> <p>6.The demands for escalation of the cost may be allowed <b>on the basis of provisional indices</b> made available by the Reserve Bank of India.</p>			
3	If the rates quoted in negotiated tender are accepted, it is logical that <b>the base month for Price Variation Clause is the month in which negotiation are held</b> . This may however, is required to be clarified in the tender conditions or in negotiations.	Price Variation Clause. Letter no. 80/WI/CT/10	16.03.88	<b>A 9- 3 (188)</b>
4	Rise in cost up to + <b>5%</b> is not to be paid/recovered and <b>escalation beyond this is only payable.</b>	Price Variation Clause. Letter no. 80/WI/CT/7	17.07.90	<b>A 9- 4 (188)</b>
5	Ceiling on the Price Variation Clause as follows:-  Price Variation Clause will not apply if the price variation is upto 5%.,and if the contract is up to one year duration. PVC in Contracts between 1 to 2 years duration:-PVC shall be limited to 20%	General Conditions of Contract-Price Variation Clause-Amendment thereto. Letter no. 85/WI/CT/7-Vol.I	04.04.96	<b>A9-5 (189)</b>
6	Instructions to <b>Rlys./PSUs to invariably</b> incorporate clause on <b>price/purchase preference</b> in the tender document/notice inviting tender.	Government Price/Purchase Preference Policy- Grant of benefits to SSIs/PSEs. Letter no. 95/RS(G)/363/1	31.08.01	<b>A 9- 6 (190)</b>
7	If the price quoted by the <b>public sector</b> enterprise is <b>within 10%</b> of the lowest price in a tender, <b>purchase preference</b> may be granted to the PSUs.	Purchase preference for products and services of central public sector enterprises. Letter no.DPE/13(1)/2002-FM	14.06.02	<b>A 9- 7 (192)</b>
8	<b>Price Variation</b> is payable/recoverable <b>during the extended period</b> of the contract also, provided the Price Variation Cause was part of the original contract and the <b>extension has been granted on administrative ground.</b>	Price Variation Clause (PVC)-Admissibility during extended period of contract. Letter no. 85/WI/CT/7 Pt.	25.10.02	<b>A 9- 8 (193)</b>
9	Award <b>Track Renewal Works on Works Contract basis</b> with contractor's portal cranes.	General Conditions of Contract –Price Variation Clause for Track Renewal Works with Contractor's PQRS Portal	17.12.03	<b>A9-9 (194)</b>



	Certain percentage of different components for working out the <b>price variation Clause given.</b>	Machines. Letter no. 2003/CE-I/CT/18		
10	<b>Modification issued in the existing Price Variation Clause</b> in Works Contracts as a result of sharp rise in the prices of Steel and cement.	General Conditions of Contract – Price Variation Clause (PVC) – Amendment thereto. Letter no. 85/WI/CT/7/Pt.I	18/19.04.06	<b>A 9- 10 (195)</b>
<b>10.0 Termination of Contracts</b>				
<b>SN</b>	<b>Instructions</b>	<b>Title of letter and letter no</b>	<b>Dated</b>	<b>Annexure No. (Page No.)</b>
1	<b>Before terminating a contract that is in an advanced stage of progress,</b> a departmental committee may be appointed to discuss the progress of the contract with the contractor.	Review Committee on Arbitration Recommendation of 78/WI/CT/37(Rev. Comm.)	19-01-79	<b>A 10-1 (197)</b>
2	<b>No contractor shall be permitted to undertake any extra work without finalization of rates.</b>  No provisional payment shall be allowed against such extra items.	Execution of extra item of work against existing contracts without finalization of rates. Letter no. 95/CE-I/CBL/Misc.	07.11.97	<b>A10-2 (198)</b>
3	<b>Revival of contract within 48 hours-</b> Contract is alive till the Notice of termination is issued. Notice may be withdrawn if the contractor is able to demonstrate his earnest intention to restart the work to the satisfaction of the competent authority.  <b>Revival of contract after expiry of 48 hours &amp; issue of termination notice-</b> Once the formal notice of termination has been issued, revival of the contract is possible only as a single tender and would require the observance of all relevant orders relating to such tenders.	General Conditions of Contract – Termination of contract under Clause 62 & procedure for revival. Letter no. 99/CE-1/CT/28.	24.05.01	<b>A 10- 3 (199)</b>
4	<b>Terminate only within date of completion of contract.</b> If a contractor has not sought extension, in rare cases, a notice claiming damages for the failure of contractor should be issued to the contractor.	Termination of contract -effect of non performance by the contractor within the validity. Letter no. . 99/CE-I/CT/28(PT)	17.05.04	<b>A10-4 (200)</b>
5	Ministry of Railways (Railway Board)	General Conditions of	06.10.99	<b>A10-5</b>



	<p>have decided that <b>Clause 62 of the General conditions of contract may be amplified as under:-</b>  <b>After the words” after the contract as a whole or in part or parts ( as may be specified in such notice)” appearing in para XIII ‘e’ the following may be added.</b>  <b>“ and after expiry of 48 hours notice, a final termination notice ( proforma as Annexure (V) should be issued .”</b></p>	<p>Contract –  Termination of contract under clause 62 and procedure for revival.  Letter no. 99/CE.I/CT/28</p>		<b>(201)</b>
<b>11.0 Risk and Cost</b>				
<b>SN</b>	<b>Instructions</b>	<b>Title of letter and letter no</b>	<b>Dated</b>	<b>Annexure No. (Page No.)</b>
1	<p>In a risk and cost case:  (i) <b>The defaulter has to be given an opportunity to participate</b> in the risk tender in order to enable him to mitigate his losses.  (ii) <b>A contractor cannot be prevented from competing</b> in public tenders on the advice of Chief Engineer <b>unless he was black listed.</b>  (iii) <b>In the case of one tender</b>, the personal approval of the Chief Engineer for rejecting his offer is required.  Terminated contracts cannot be finalized with only a token penalty.</p>	<p>Loss on account of failure to observe the provisions for enforcement of risk action.  Letter no. 88/CE-I/CT/31</p>	01.06.88	<b>A 11- 1 (202)</b>
2	<p><b>Notice of risk tender</b> irrespective of whether it was open or limited tender should be served <b>on the defaulting contractor</b> so that it is in his knowledge.</p> <p><b>There should, not be any change in the scope of the work</b> and the qualities of left-over work and the conditions for risk tender should be identical with that or original tender.</p>	<p>Loss on account of failure to observe the provisions for enforcement of risk action.  Letter no. 88/CE-I/CT/31</p>	29.01.96	<b>A 11- 2 (203)</b>
3	<p>The <b>defaulting contractor</b> has to be given <b>an opportunity for participating</b> in a risk and cost tender. It is, however, for the <b>Tender Committees to consider all aspects of the case.</b></p>	<p>Loss on account of failure to observe the provisions for enforcement of risk action.  Letter no. 88/CE-I/CT/31Pt.</p>	23.05.01	<b>A 11- 3 (204)</b>



# ANNEXURES



## **1.0 General**

### **ANNEXURE – A 1-1**

#### **Cannons of Financial Propriety**

In the exercise of their financial powers, the sanctioning authorities must pay due regard to the following principles:-

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

(Para 116 Of Finance Code Vol. – I)

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### **ANNEXURE-A 1- 2**

**Copy of Railway Board's letter No.85/W1/CT/23-GCC dt. 31.1.86 addressed to the General Managers, All Indian Railways and others.**

**Sub:- Pre-qualification of contracts and consultancy of contracts etc.**

With a view to **improving the administration of contracts and quality of works executed through the agency of contractors the Board had appointed a committee of:**

- i) Shri Virendra Kumar, Executive Director (Works, Railway Board).
- ii) Shri E.Sreedharan C.E. (Con.) S.Rly.,
- iii) Shri R.Sarangarajan, the tehn FA & CAO(Con.)S.Rly.
- iv) Shri M.K.Kumar, CEE/RE, Nagpur.
- v) Shri T.N. Subramanian, CSTE/RE, Nagpur,





**To took into the items noted below:-**

- a) Pre-qualification of tenderers;**
- b) Engagement of consultancy services;**
- c) Approved list of contractors;**
- d) Two packet system of tendering and**
- e) Advance to contractors.**

The committee has since submitted its recommendations, which have been considered by the Board and copy of **summary of recommendations together with Board's orders thereon is enclosed for necessary action.** It may, however, be noted that these decisions will not apply to tenders already called/contracts already entered into.

Kindly acknowledge receipt.

**Sd/-**  
**Executive Additional Director**  
**Civil Engineering, Railway Board.**

Encl. As above.

**Confidential report on contractors.**

Period

To:

Name (Name of partners if a company) :

From:

Total Value of work entrusted

Value of work done during the year

Broad description of the type of work

Quality in execution :

Excellent/very Good/Good/Average/  
Below Average.

Promptness in execution :

Excellent/Very Good/Good/Average  
Below Average.

Dependability in regard :

Excellent/Very Good/Good/Average  
Below Average.

To time of completion.

Organisation:

a) Labour :

Adequate/Not Adequate/  
Totally insufficient.

b) Equipment :

Adequate/Not Adequate/  
Totally insufficient.

c) Technical Supervision :

Adequate/Not Adequate/  
Totally insufficient.

Tendency to raise Claims

a) Unjustified claim :

1) To seek arbitration



b) Justified claim : 2) Take to the Court.  
: 1) Settle by mutual consent.  
: 2) Tendency for arbitration.  
3) Tendency to take to Court  
Tendency for unnecessary correspondence : Yes/No  
to create records for claims:  
Relationship with.  
a) Staff. :  
Assessment as to the value of work that :  
can be entrusted to him  
General Assessment  
Any other remarks Signature of the Reporting Officer  
Name:  
Countersigned by: Designation:  
Name: Date  
Designation”  
Date”

## STATEMENT SHOWING PRE-QUALIFICATION OF CONTRACTS AND CONSULTANCY OF CONTRACTS ETC.

### Committee's Recommendations (Railway Board's Orders)

#### 1. Pre-qualification of Tenders

1.1 In respect of works of large value and magnitude, works calling for special expertise, specialized equipment of works of complex nature, **only reliable and resourceful contractors should be chosen.** (Para 1.1 page 4)

#### (Accepted)

1.2 For the following works, it is desirable to pre-qualify tenders for the Indian Railways: (Para 3 page 8)

##### i) Earth work involving:

a) **Mechanical compaction** where the contract value is likely to exceed Rs. 50 lakhs;

b) **Soil stabilization** e.g. sand piling, vibration floatation, chemical treatment of soils etc.irrespective of the value of contract;

c) **Heavy and deep rock cutting** requiring department of heavy plant and machinery or expensive blasting operation irrespective of the value of the contract;

ii) **Tunnelling** where the contract value is likely to exceed Rs. 50 lakhs;

iii) **Cut and cover construction** where the contract value is likely to exceed Rs. 50 lakhs;

iv) **Bridge works** involving;



- a) pile foundations of large diameter;
  - b) Caissons or deep well foundations for important bridges;
  - c) Long span pre-stressed concrete bridges;
  - d) Cable stayed bridges;
  - e) Continuous girder bridges;
  - f) Fabrication and launching of girders exceeding 60 M spans;
- v) **Building and structural works** where the contract value is likely to exceed Rs. 50 lakhs and/or involving;
- a) **Pile foundations**;
  - b) Constructions of important **multi-storeyed buildings**, auditoriums etc. requiring superior workmanship;
  - c) **Shell and folded plate** construction;
  - d) Special architectural features;
- vi) **Electrification works** involving;
- a) **Design and installation** of overhead equipment;
  - b) Design, supply and erection of **traction sub-station**;
  - c) Design, supply and erection of supervisory **remote control equipment**;
- vii) Miscellaneous works such as;
- a) Construction of **diaphragm walls**;
  - b) **Water and sewerage treatment wells** costing over Rs. 50 lakhs;
  - c) Heavy **sheet piling works**;
  - d) **Other major construction works** involving an element of
  - e) Construction works requiring **large mobilization of plant and machinery**.
- ix) **S&T works** such as;
- a) **Route relay interlocking**;
  - b) Provision of **automatic warning system**;
  - c) Provision of **centralized traffic control**;
  - d) Mechanization hump yards with provision of **retarders**.
  - e) Microwave installation including provision of **towers**.

(Accepted)

1.3 The need for pre-qualification bids in a particular case should be included by the Head of Department concerned with the **concurrence of Associate Finance**. The pre-qualification bid should be invited by advertisement in the most open public manner possible. (para 4.2 Page 10)

(Accepted)

1.4 The number of contractors in the short list for pre-qualification bids should range between 3 and 6 (Para 4.5 Page 11)

(The number of contractors on the short list to be qualified should be about 5 and the upper list may be around 10. However, the minimum number should not be less than 3.)



1.5 A non-refundable fee of say Rs. 2,000/- should be charged from the indenting bidders. (Para 4.5, Page 11)

**(Accepted)**

1.6 All the tenderers who were pre-qualified should be invited to bid for the regular contract. (Para 4.7 Page 11)

**(Accepted)**

## 2. Engagement of Consultancy services.

2.1 It may be necessary to have **consultancy contracts, which** may range from Advisory Service to highly specialized technical assistance. The services of consultants could be grouped into the following categories. (Page 2.2 Page 14).

- i) **Pre-investment studies;**
  - ii) **Preparation service.**
  - iii) **Implementation service; and**
  - iv) **Traffic assistance and council service.**
- 
- i) **Specialized works** and structures involving use of computers in modern advanced theories and design and use of latest mechanized construction methods;
  - ii) **Important and prestigious buildings and structures** industrial units etc. including framed structures and multi-storeyed buildings;
  - iii) **Special type of roof structures and coverings** (e.g. for large concurrence or industrial units), **basements and similar constructions** involving water proofing **subways, underpasses, insulation of buildings** against heat and sound etc.
  - iv) **Design and construction of structures involving** advanced and complicated technology e.g.
    - a) **Long span pre-stressed concrete bridges.**
    - b) **Continuous girder bridges.**
    - c) **Cable stayed bridges.**
    - d) **Long span arch bridges.**
    - e) **Shells and folded plate construction.**
    - f) **Earthquake resistant structures.**
  - v) Important projects involving **foundation problems**, or where geological formation have an important bearing in formulation and execution of the scheme.
  - vi) **Auditoriums involving satisfactory acoustics**, requiring specialized advice.
  - vii) Design of location and distribution system for proper modern and sophisticated lighting in Industrial units, Offices and Yards.
  - viii) **Architectural and aesthetic features in design** of important and prestigious buildings and landscaping around new buildings, station terminals industrial units and railway colonies etc.



- ix) Mechanization and modernization of **aeration techniques** for overhead equipment.
- x) Planning and design of power supply system, current collection arrangements, ventilation and air-conditioning of Metro-Construction projects.
- xi) Industrial Engineering and layout of **manufacturing and repair shops** for electrical equipments.
- xii) Establishment of narrow band long haul microwave links/communication links of very high reliability suitable for data transmission.
- xiii) Establishment of modern signalling systems and telecommunication links on line where thirster controlled/chopper controlled traction/breaking is to be used, and

**(Accepted)**

Centralized Air-Conditioning of large buildings. Accordingly, following schedule of powers are recommended:-

GMs may be authorized to enter into Consultancy contract upto a value not exceeding Rs. 5 lakhs.

Chief Engineering's may be delegated powers to accept Consultancy Contracts up to Rs. 2 lakhs.

(Power to accept consultancy contracts in the first instance is delegated to GM. only, up to Rs.5 lakhs in each case. This will be subject to Rs.20 lakhs only p.a. The selection of consultants to be at the level of HODs committee.)

**3. Approved list of contractors.**

**3.1 Approved list of contractors.**

A separate list of approved contractors be maintained for the following 5 slabs of estimated value of the contract according to take up such works

(Para 4.3 Page 43).

1. Class A for works over Rs. 50 lakhs
2. Class B for works upto Rs. 50 lakhs
3. Class C for works upto Rs. 20 lakhs
4. Class D for works upto Rs. 5 lakhs
5. Class E for works upto Rs. 2 lakhs

**(Accepted)**

**3.2 Selection of contractors (Para4.3, page 44)**

Selection of contractors should be carried out by Selection committee consisting of the following officers:

Class	Selection Committee	Accepting authority
A	ACE DY.FA & FA&CAO of Addl. FA & CAO	CE/CE(Con) (Level 1)
B	Sr.DEN/Sr.XEN/Dy.CE & D/FA & FAO	CE/CE(Con) or ACE/ACE(CN)



C  
D&E

DEN/XEN & CAO/SAO  
-do-

ACE/ACE/(CN)  
Sr. DEN/Sr. XEN/Dy.CE(CN)

**(Accepted)**

3.3 For considering the enrolment of contractors in various categories, the following criteria may be followed :- (Para 4.4, Page 44-85)

- a) Class A
  - i) They should have a permanent engineering organization and should maintain a minimum of transport equipments and construction tools and plants required for the works.
  - ii) At the time of enlistment, they should have satisfactorily executed at least two works, each individually costing not less than Rs. 25 lakhs.
- b) Class B
  - i) They should have a permanent engineering organization and should maintain a minimum of transport equipments and construction tools and plants required for the works.
  - ii) At the time of enlistment, they should have satisfactorily executed at least two works each individually costing not less than Rs.10 lakhs.
- c) Class C.
  - i) They should have an engineering organisation or one of the partners should be a Graduate Engineer with at least 10 years Experience.
  - ii) At the time of enlistment, they should have satisfactorily executed at least two works, each individually costing not less than Rs. 25 lakhs.
- d) Class D
  - i) At the time of enlistment, they should have satisfactorily executed at least two works, each individually costing not less than Rs. 50,000/-
- e) Class E
  - i) No specific minimum requirement need be insisted upon.

3.4 **Confidential Reports.**

There should be a standard proforma for recording confidential Reports of contractors. The standard proforma is appended as Annexure-I.

(Para 4.5 page 45)

**(Accepted. The Confidential Reports of Contractors in Standard Proforma given**



as Annexure I. These should be done annually and maintained properly in the record.)

- 3.5 In Departments like C.P.W.D etc. even **open tenders are invited from amongst registered contractors** only. It is therefore recommended that even on the Railways tenderers should be picked up from the approved list only. Indenting tenderers should be advised at the tender notice stage itself to get themselves registered if they have not already done so by furnishing all the necessary information and credential, so that their application for registration can be considered and settled before finalising the acceptance of the tender (para 5, page 46)

**(This is under consideration and separate order will follow.)**

3.6 **Limited Tenders.**

Presently limited tenders are invited for contracts upto a value of Rs.10 Lakhs. This value may be enhanced upto Rs. 50 Lakhs (para 5.2 page 47)

**(This is under consideration and separate order will follow.)**

3.7 **Earnest Money.**

As regards Earnest Money for the purpose of registration of contractors in A,B & C Classes, Standing Earnest Money of Rs.25,000 need not be insisted upon. Contractors may be given the choice of either depositing earnest money with each and every tender as per tender condition or alternatively depositing a standing earnest money (Para 6, Page 47).

(Accepted)

3.8 **Variation in the list of approved contractors.**

The list of approved contractors should be a **dynamic list** and should be subjected to annual review **on the basis of confidential reports**. Even during the course of the year new contractors may be added or existing contractors may be upgraded on the basis of their performance. Likewise there could be down gradation in the classification of contractors or his name deleted from the approved list in case of adverse report on the performance or based on Vigilance Enquiry.(Para 7, Page 48)

**(Accepted)**

4 **Two packet system of tendering contract.**

- 4.1 With a view to assess the tenders technically without being influenced by the bids. "Two packet system of tendering" may be adopted. In this system, the tenderers are advised to submit their quotations in two sealed envelopes with one cover containing the technical and commercial offers and the other cover containing the financial bids. The technical details and commercial conditions are read out before, the tenderers or their representative and the same are evaluated by the Tender Committee. If they are



found acceptable by the Competent Authority, the second packet is opened and the tenders are processed or acceptance in the normal manner. However, if on the basis of information of the first packet, the Tender Committee needs clarification regarding designs and specifications, discussions are held with each individual party after obtaining approval of the Competent Authority (Para 1.3,1.4 & 2.5, Page 50-52)

**(Accepted. However this system should be used restrictively and with the concurrence of FA&CAO)**

5. **Payment of Advance to Contractors (Para 4.2, Page 64)**

5.1 In tenders for works which are Capital intensive and of a specialized nature if the estimated value of a tender exceeds Rs.50 Lakhs and if the work warrants grant of advance, suitable provision may be included in the special conditions and the tender for:

- a) grant of mobilization advance immediately on signing of the contract: and
  - b) grant of an advance in the security of machinery and equipment brought to site.
- Both these advances should be reckoned as per contract (not as per contractor)  
**(Accepted)**

c) **MOBILISATION ADVANCE (Para 4.6, Page 65)**

The advance should be limited to 10% of the contract value and should payable in 3 stages as under:-

Stage I \_\_\_Nationalised bank in India or the State Bank of India in a form acceptable to the Railways, immediately after signing the contract documents.

Stage II 2 ½% of the contract value against an irrevocable bank guarantee from a nationalised bank in India or the State Bank of India in a form acceptable to the Railways at the time of mobilization of site establishment, setting up offices and bringing equipment.

**(Accepted. Subject to advance being given in 2 stages as follow:-**

**Stage I – 5% of contract value etc. on signing of contract .**

**Stage II – 5 % on mobilisation at site of establishment, setting up offices and bringing equipment. actual commencement of work, the advance shall carry rate of interest of 10% per annum)**

d) **Committee's recommendations.**

Stage III 2 ½% of the contract value, against an irrevocable bank guarantee from a nationalised bank of India or the State Bank of India in a form acceptable to the Railways after physically commencing work

**(This may be recovered through on account bills in instalments, the recovery commencing when the finalisation of the work executed and paid for reaches 15% of the provisional value of the contract and shall be completed when the value of the work executed reaches 85% of the original value of contract. The instatments on each on account bills will be on pro-rata basis.)**





- 5.3 **Advance against Machinery and Plant (Para 4.7, Page 66)**  
Advance on the security of machinery and equipment brought to site should be limited only to New Machinery and equipment which are essentially required for the work and involve a substantial outlay. The advance should not exceed 75% of the purchase price of such equipment. The extent of this advance should be limited to a maximum of 10% of the contract value and the advance should be payable only if the plant and equipment have been brought to site and hypothecated to President of India by a suitable bond or hypothecated to a bank. The plant and equipment should also be insured for the full value and for the entire period they are required for the work. The advance should be insured for the full interest free. The advance shall be covered in instalments through on account bills.  
The recovery shall commence when the value of the contract executed reaches 85% of the original value of contract. The instalment on each on account bill will be on pro-rata basis.  
**(Accepted, except that advance shall not be interest free. All advances shall be subject to 10% interest per annum.)**
- 5.4 Advance for accelerating the progress of work may be granted during the course of execution of the contract. Each case should be dealt with on merit. Any contract lying within the powers of G.M.(Rs. 2 Crores and less) he should be empowered to sanction such advance on the basis of recommendation of the Chief Engineer incharge with the concurrence of Associate Finance. The advance should not exceed 10% of the value of the contract (Para 4.9,Page 66).  
**(Accepted, subject to a maximum of 5% of the contract value or Rs. 5 Lakhs whichever is less. The rate of interest to be levied will be 20% p.a. Normally no advance should be given after the contract is signed.)**
- 5.5 No advance should ordinarily be granted in case of works costing less than Rs.50 Lakhs even for specialised or capital intensive work. The G.Ms may, however, be deputed powers to grant in exceptional cases an advance upto a maximum of Rs. 5 Lakhs in respect of contract value of less than Rs. 50 Lakhs if the tenderer insists payment of such advances as a part of his offer. The powers should be exercised only on the basis of recommendation of the Chief Engineer duly concurred by Associate Finance. No interest should be charged for the advance. Recovery of the advance should be made from the contractor through on account bills on pro-rata basis commencing from the stage at which 15% of the work has been completed and entire amount recovered before 85% of the work has been completed. (Para 4.10, Page 67).  
**(Accepted, except that advance will not be interest free, Rate of interest to be levied will be 10% per annum.)**

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**ANNEXURE-A 1-3**  
**NORTHERN RAILWAY**

**HEADQUARTERS  
OFFICE  
BARODA HOUSE  
NEW DELHI.**



No. 74-W/0/Part XVIII(Policy)

Dated 17/9/1992

The Divisional Railway Manager,  
Northern Railway,  
ALD, LKO, MB, FZR, UMB, DLI, BKN & JU.

The Divisional Accounts Offices, N.Rly.,  
ALD, LKO, MB, FZR, UMB, DLI, BKN & JU.

Dy.C.E./(Bridge Workshop), N.Rly., Jalandhar and Lucknow.

Dy.C.E.(Bridge Line), N.Rly., Lajpat Nagar, New Delhi.

FA & CAO (FX), Baroda House, New Delhi.

Dy.C.E. (CSP) & (TT/POH), Pipalgaon, Subedarganj, Allahabad.

**Sub:- Time limit for processing bills of works and P.Way Contracts.**

It has come to notice of the Railway Board that there was avoidable delay at various levels in processing contractor's bills for payments right from the time of recording measurements to the time of payment. The Board have therefore desired that suitable instructions laying down **the time limits for processing the bills for payment right from the stage of measurement in various offices** may be issued to all concerned for strict compliance.

In view of above, the matter has been examined **in consultation with FA & CAO (FX) and it has been decided to lay down the following time limit for processing the bills of various levels:-**

**I. Running Bills.**

- |      |                     |   |           |  |
|------|---------------------|---|-----------|--|
| i.   | IOW/PWI Office      | - | D+3       | ('D' is date of measurement recorded by the IOW/PWI) |
| ii.  | AEN Office          | - | D+10 days |  |
| iii. | Divisional Office   | - | D+15 days |  |
| iv.  | DAO/Sr.DAO's Office | - | D+19 days |  |

**II. Final Bills**

- |     |                |   |  |
|-----|----------------|---|--|
| i.  | IOW/PWI Office | - | 21 days from the date of completion of the work (D) including preparation of stores statement/specification chart/M.A.S. account and completion plan where required. |
| ii. | AEN Office     | - | D+28 days  |



- iii. Divisional Office - (a) Technical check - D+35 days  
(b) Stores check - D+35 days  
(This is a parallel Activity).  
Account check - D+40 days.
- iv. DAO/Sr.DAO's Office - D+50 days.

### **III Final Bill for determination of Contracts.**

In case of Determined Contracts, an additional period of 15 days shall be allowed for serving notice to the contractor for attending witnessing of measurements. This notice shall be incorporated in the letter itself determining the contract. The period of 40 days as mentioned in Para II above for final bills shall therefore apply from the date, the notice period expires i.e. 15 days plus 7 days for delivery of date of letter determining the contract. This issues with the concurrence of FA & CAO. Please acknowledge.

**Sd/-**  
**(M.A.Umar)**  
**Chief Engineer(Genl.)**  
**For General Manager/Engg.**

Copy to:-

1. Chief Vigilance Officer, Baroda House, New Delhi with ref. to his confdl. Letter No.Vig./Misc/1900/92/RB dated 26.6.92.
2. Director of Audit, Baroda House, New Delhi.

\*\*\*\*\*

**ANNEXURE-A 1-4**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

**No.94/CE-I/CT/**

**New Delhi.dt.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.Ujalayan, CAO/C Northern Railway, Shri G.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 finalization.**

Further action is 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)

Sd/-  
(Parmod Kumar )  
Exec. Director, Civil  
Engineering/G  
Railway Board.

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

**OPEN TENDERS**

Para No. of  
The Report

The following documents should be specified for submission alongwith the tender

- a) **List of Personnel, Organization 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 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 notice issued through any one of these media.**
- 2.4.4.3. **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. The list will be reviewed every year for deletion which will be effective from 1<sup>st</sup> July and additions if any will be done once in six months and which will be effective from 1<sup>st</sup> January and 1<sup>st</sup> 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 Organizations 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 of the Railway as a whole. In construction Organisations, Approved List for classes “B”, “C” and “D”, will be for a particular pre-determined geographical area or Dy.CE (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 Contractor</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	Sr.DEN(Coordination) in Division and



**Finance Department**

**Dy.CE/Construction  
In Construction.**

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

**For registration in Approved List the contractor will have to furnish non-refundable fee of Rs.5,000/- for Class “D” Rs.7500/- for Class “C” Rs.10,000/- for Class “B” and Rs.15,000/- for Class “A”. This will over the entire period of 3 years or part thereof. Contractors desiring registration should submit the application in the proforma prepared on the Railway with the prescribed fee for each category of work in that slab.**

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

### **SPECIAL LIMITED TENDERS**

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

**2.6.4.3** 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 work, which are technically complicated and specialized in nature and/or which are executed very rarely.

**2.8.5.2** The “qualifying criteria” in the tender documents for selecting a tender 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 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 L-2, PSU whose original offer is not higher by more than 10% of the offer of 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 Officer. 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 schedules (s) and asking the Tenderers to quote a common percentage for all items in a schedule/all schedules may be preferred where 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-1/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 subject to a detailed review and administrative decision by a appropriate authority (agreement signing Authority) should be recorded in writing and quantities monitored carefully and from this stage onwards, Executive of 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.

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## **ANNEXURE – A 1-5**

**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).

Sd/-  
**(Parmod Kumar)**





Executive Director, Civil Engineering (G),  
Railway Board.

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

.....

- 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 specialized nature of work with concurrence of FA&CAO (Associate Finance) and personal approval of General Manager.

**(2.3.4.2)** The following documents should be specified for submission along with tender:-

- (a) *List of personnel, Organization 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.*

### **DISPENSING CALLING OF TENDERS – CALLING OF QUOTATIONS**

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

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

<b>Rank of Officer</b>	<b>Financial limit to dispense with tenders and accept quotations per case.</b>	<b>Annual Ceiling</b>
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 authorized 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(C)*

### **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’s 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.

- (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 1<sup>st</sup> July and additions, if any, will be done once in six months which will be effective from 1<sup>st</sup> January and 1<sup>st</sup> 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 of 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:*

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

- (2.4.4.4) 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:-

S.No.	Monetary slab for L.T.	Lowest Authority who can approve calling of L.T.
(i)	Upto Rs.10 lakhs.	Dy.CE(C)/Sr.DEN
(ii)	More than Rs.10 lakhs and upto Rs.25 lakhs.	SAG/DRM
(iii)	More than Rs.25 lakhs and upto Rs.50 lakhs.	PHOD
(iv)	More than Rs.50 lakhs and upto Rs.1 crore.	CAO(C)/GM

(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.*

(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.50 lakhs and upto Rs.1 crore.

(2.5.4.9) *For registration in the Approved List, the contractor will have to furnish a nonrefundable fee of Rs.5,000/- for Class “D”, Rs.7500/- 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 upto Rs.10 lakhs <b>Class “D” contractors</b>	-	Rs.15,000/-
(ii)	For works costing more than Rs.10		Rs.35,000/-



	<b>lakhs and upto Rs.25 lakhs - Class “C” contractors</b>	
(iii)	For works costing more than <b>Rs.25 lakhs and upto Rs.50 lakhs - Class “B” contractors</b>	Rs.75,000/-
(iv)	For works costing above <b>Rs.50 lakhs and upto Rs.1 crore - Class “A” contractors</b>	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 organization 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 organization where he is registered. This is in line with Board’s letter No.88/CE-I/CT/46 dated 06-02-1989 (Annexure – 8 of ESO No.10).
- (iii) A contractor registered with construction, however, will not have this facility for participating in open tenders with this Standing Earnest Money, for tenders invited by Open Line and vice-versa as recommended in Para 2.5.4.11.

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

### **SPECIAL LIMITED TENDERS (S.L.T)**

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

- (i) Works of specialized 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 specialized and reputed contractors/organizations /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) *Tenders 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.

### **COUNTER OFFERS**

- (4.5.2) In cases where the overall value of L-1 is not unreasonably high but the rates(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 rates(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 finalizing 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 25% 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 mentioned carefully and from this stage onwards, execution of further quantities will have to be monitored at least at the level of JAG Officers.*
- (5.3.10) *For variation in value beyond –25% of the agreemental value, the present instructions for holding discussions with the contractor will be dispensed with.*

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## **ANNEXURE – A 1-6**

**Copy of letter No. 99/CE.I/Contract Labour/1 Pt. dt. 06.02.2004 from Shri Parmod Kumar, Executive Director, Civil Engineering (G), Railway Board. To All General Managers and others.**

**Sub: Provision of contract labour (Regulation and Abolition) Act 1970-  
Observance in Railway Works Contract.**

**Clause 55 (A) (1) of General Condition of Contract (GCC) for Engg. Deptt. Stipulates that a contractor shall comply with the provisions of the contract labour (Regulation and Abolition) Central Rules 1971 as modified from time to time wherever applicable and shall also indemnify the Railway from and against any claims under the aforesaid Act and the Rules**

**The above condition being part of GCC automatically becomes part of Contract Agreement as all works contracts are governed by GCC.**

Instances have come to the notice when these instructions have not been followed strictly leading to Banning of contract labour in certain cases by Central Advisory Contract Labour Board (CACLB).

**Board (ME) desires that these instructions should be followed strictly and it should be ensured that there is no breach of the Act in execution of the Civil Engineering contracts/works.**

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## ANNEXURE – A 1-7

### GOVERNMENT OF INDIA

#### MINISTRY OF RAILWAYS (RAILWAY BOARD)

No.2004/CEI/Misc/MR's Instructions.

New Delhi, dated 21/6/2004

The General Managers(Const.)  
N.F.Railway, Maligaon, Guwahati.

The CAOs(Const.)  
All Indian Railways

The Chief Engineers Const. (Co-ord)  
All Indian Railways

The Principal Chief Engineers/Chief Engineers (Co-ord),  
All Indian Railways

**Subject – Splitting up of the large work into small value works.**

Hon'ble MR during his discussion with CRB has observed that in **several instances large works are being split up into small value works. It would be desirable that this practice is avoided** so that the experienced and competent contractors normally bid for railway works. However, due care should be taken for the areas where it is not possible to find big contractors who can undertake large value works. In such cases, it would be desirable to arrive at an optimal mix.

In this connection, instructions contained in Engineering Code Para 1211(iii) may also be connected.

It is desired that urgent necessary action may be taken in the matter.

Sd/-  
(PARMOD KUMAR)  
EDCE(G)

\*\*\*\*\*



## ANNEXURE – A 1-8

GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

Rail Bhavan,  
New Delhi.  
Dated 29.8.2006.

No. E(LL) 205 AT CNR/16

The General Manager,  
All Indian Railway/Production Units.

**Sub:- Off loading and privatization of perennial nature activities in the Railways in violation of the provisions under Section 10 of Contract Labour (R&A) Act, 1970.**

Ref:- Board's letter No.E(LL)2005/AT/CNR/64 dtd 10.11.2005.

The Federations have at various foras including PREM at the apex level, raised the issue that the Contract Labour (R&A) Act, 1970 is being violated on the Railways.

With a view to eradicate such complaints **Board is of the view that Personnel Branch of the Railways being the custodian of Labour Laws should invariably be consulted before any department of the Railways/Production Units contemplates any activity being contracted out in terms of the Contract Labour (Regulation & Abolition) Act, 1970. This measure would help in ensuring that there are no violations of the said Act.**

A brief to dispel doubts which may emerge in the path towards implementation of the said Act is enclosed as Annexure A for guidance.

Sd/-  
(B. Majumdar)  
Director Estt.(LL)  
ANNEXURE-'A'

### Brief of the Contract Labour (Regulation & Abolition Act) 1970

**'Contract Labour' is a term applied to labour when they are employed to perform some work, and have no direct employer-employee relation with the party called principal employer, for whom that work is ultimately done.** The relationship between the principal employer for whom the work is done and the workers who actually do the work is mediated by one or more other parties who actually employ the workers, pay them and have an employer-employee relationship with them. The parties who act as intermediary between the principal employer and the workers are called "Contractors" and



their relation with the principal employer is governed by a contract between them. This system of work being done for a principal employer through one or more contractors is termed as contract labour system.

The Contract labour (Regulation and Abolition) Act 1970 is an important piece of social legislation which seeks to regulate the employment of contract labour and where necessary to abolish the same. It is thus legislation for the welfare of labourers whose conditions of service are not at all satisfactory. The primary object of the act is to prevent the exploitation of the contract labour by the contractor of the establishment. From the provisions it is apparent that the framers of the Act have allowed and recognized contract labour and they have never purported to abolish it in its entirety.

Before contracting out any activity, the Railways must consider the following:-

- (a) **Whether the process, operation or other work is incidental to, or necessary for the industry, trade, business, manufacture or occupation that is carried on in the establishment;**
- (b) **Whether it is of perennial nature, that is to say, it is of sufficient duration having regard to the nature of industry, trade, business, manufacture or occupation that is carried on in that establishment;**
- (c) **Whether it is done ordinarily through regarding workmen in that establishment or an establishment similar thereto;**
- (d) **Whether it is sufficient to employ considerable number of whole-time workmen.(Section 10 of the contract Labour Act refers)**

Since it is legal to engage contract labour the question to resolve is to how to engage the contract labours without violating the Contract Labour (Regulation & Abolition)Act, 1970. In this regard the following is suggested.

#### **The Principal Employer should ensure:**

- That the contract's labour does only the specific work agreed by the contractor.
- That the contractor issues the photo identity card to his workers under his name, trading style and signature.
- That the contractor is not treated as commission agent.

Apart from these pointers the provisions of the Contract Labour Act would have to be necessarily followed.

**A pitfall that is required to be avoided in perpetuity is what is known as “Sham Contract”.**



An agreement between the Contractor and the Principal Employer is said to be a sham contract in the following circumstances:

- When the agreement does not disclose the name and address of the contractor.
- When the agreement does not disclose the exact nature of job to the assigned.
- When the agreement narrates the nature of job other than actually to be performed.
- When the agreement is against the norms of judicial pronouncement/statutory provisions.
- When the agreement is a tool or device to deprive the right of livelihood or is a tool for victimization or unfair labour practice.

Further to what has been stated above a **brief synopsis of the some of the important “Do,” are listed below:**

1. Principal employer to get his establishment registered under the Act and the Rules (Section 7\*)
2. Contractors must get Licences. (Section 12\*).
3. Obligation of Principal Employers to provide certain Amenities to workers (Section 16, 17, 18, 19, 20\*)
4. Obligations of Principal Employer regarding Payment of Wages (Section 21\*).
5. Duty to maintain prescribed Registers and Records (Section 29\*)

\* (of Contract Labour (regulation & Abolition) Act 1970

\*\* (of Contract Labour (Regulation & Abolition ) Act, 1971.

One the provision of the Contract Labour (Regulation & abolition) Act, 1970 are followed and above guidelines are abided by, the Contract entered into would be genuine and credible thereby eradicating the question of the Contract Labourers seeking abolition of the Contract Labour System/Regularisation.

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## **ANNEXURE – A 1-9**

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

**No. 2006/W-I/Gen/D.P. Pt.I**

**Dated 10.10.06.**

The General Manager,  
All Indian Railways.



**Sub:- Engagement of Project Management Consultants (PMCs).**

Zonal Railways of late, have been raising the issue of inadequate organization available with them for supervision of various activities connected with execution of projects. Over the years, the outlay for projects and other works have increased considerably without commensurate increase in the strength of supervisory staff. Due to heavy growth in traffic, emphasis is also being given for time bound implementation of projects and other throughput enhancement works.

The issue of engagement of Project Management Consultants (PMCs) has been under deliberation in the Board for quite some time and **Board (ME & FC) have accorded approval for engagement of PMCs for supervision of projects being executed by the Railways. RVNL is already having PMCs and their document can be a basis for this.**

The projects which require to be implemented through PMCs should be identified by CAO/Con. with the concurrence of FA&CAO/C after critically examining the existing strength of officers/supervisory staff. The details regarding the role of Project Management Consultant (PMC) and the safeguard to be taken can be decided by Railways in consultation with FA&CAO/C.

It should be ensured that the **cost of PMC contract and the actual departmental manpower taken together should not exceed the stipulated D&G charges in the estimates i.e. the outsourcing should be expenditure neutral. The PMC contract should be treated as Works Contract as the activities basically are supervision of works. The tender committee for PMC tenders should be at SAG level with acceptance of CAO/C.**

Sd/-  
(P.K.Sanghi)  
Executive Director/Works

Copy to:-  
PCEs, CAO/Cs & FA&CAO/Cs All Indian Railways.

\*\*\*\*\*

**ANNEXURE – A 1-10**

**Letter No.2002/CE-I/CA-iii/CT/10 dated 28/29-10-2002 from EDCE(G), Rly. Board to GM/NE Rly. Gorakhpur.**

Sub: Awarding earthwork tenders to Labour Cooperatives.

Board (ME & FC) have approved to award two contracts to Labour Cooperatives for earthwork each costing not more than Rs.25 lakhs on a trial basis in Varanasi area of N.E. Railway (Construction Organisation), particularly for Kaptanganj – Thawe-Siwan Gauge Conversion Project Railway may formulate detailed guidelines keeping the following broad guidelines in view:-



- (1) Labour Cooperative Societies should be registered under the Cooperative Society's Registration Act in proof of these societies being legal entities before they are allowed to participate in the Railway tender. A certificate to this effect should be submitted alongwith the tender.
- (2) Earnest Money/Security Deposit is realized as per the existing norms;
- (3) Eligibility Criteria – It may be relaxed to suit local conditions so that Cooperative Societies are able to participate in the tender.
- (4) A special condition may be provided in the tenders of all works valuing up to an estimated cost of Rs.25 lakhs that in case of Labour Cooperative Societies tendering for the work, they will be given the first opportunity to execute the work subject to the provision that they agree to take up the work at the rates as offered in the lowest acceptable tender.
- (5) Only one contract should be given to one Cooperative Society.

This may be implemented by CAO(Construction)/NF Railway immediately in consultation with the FA&CAO (Construction) and Board should be kept apprised about the developments through a separate item in the monthly PCDO.

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

Sd/-  
**EDCE(G), Railway Board**

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## **ANNEXURE – A1-11**

**Letter No.90/CE.I/CT/1 dated 25-6-99 from EDCE(G), Rly. Board**

**Sub: Advances to contractors.**

Ref: Board's letters of even number dated 21-5-97 & 15-7-97.

The Ministry of Railways (Railway Board) have decided that additions/corrections as indicated in the enclosed Correction Slip No.21 in the relevant paras on Indian Railways Engineering Code 1993 Edition may be made. Advance Correction Slip No.17 issued vide Board's letter No.90/CE.I/CT/1 dated 15-7-97 may be treated as cancelled.

Receipt of this letter may please be acknowledged.



Sd/-  
EDCE(G), Railway Board

**Advance Correction Slip No.21 para 1264 of the Indian Railway Code for the Engineering Deptt. (Revised Edition 1993).**

In the para 1264 (F) New para regarding method of recovery of interest may be added as under:-

**Method of recovery of interest:-**

“Interest will 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 such on-account bill along with pro-rata principal recovery. In the event of any short fall the same will be carried forward to the next on-account bill and will attract interest @ 18% per annum.

The Bank Guarantee for such advances should clearly cover principal plus interest”.

(Authority - Railway Board's letter No.90/CE.I/CT/1 dated 21-5-97).

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**ANNEXURE – A 1-12**

**Letter No.2000/CE.I/CT/14 dated 24-2-2000 from EDCE(G), Railway Board**

**Sub: Recording of measurements of steel in Measurement Book.**

In the course of investigation of the execution of a contract on one of the Zonal Railways, it was detected that the measurements of steel were being recorded in a register, instead of the Measurement Book, in violation of the extant instructions. Measurements of steel should also have been recorded in the Measurement Book, as is being done in other items like works contract etc. because the register is susceptible of subsequent alteration, as its folio are not numbered.

**Board have taken a serious view of the matter and desired that measurement of steel should be recorded in Measurement Book to avoid any irregularities conducted in recording of measurement of steel.**

The above instructions should be strictly adhered to.

Receipt of this letter may please be acknowledged.



Sd/-  
EDCE(G), Railway Board

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## **ANNEXURE – A 1-13**

**Sub: Two Packet System of tenders.**

**A copy of Railway Board's letter No.90/CE-I/CT/27 dated 17.08.95 is sent herewith for information.**

Copy of letter as referred to above with subject.

Reference is invited to Board's letter No.85/W.I/OT/3-GCC dated 31.01.86/2.86 wherein instructions have been communicated regarding inter alia the 'Two Packet' system of tendering for works. A doubt has arisen on some of the Railways whether in this system the approval of the Board is required for opening of the financial bids if the value of the work is beyond the powers of acceptance of the General Manager.

In this connection it may be recalled that the Board have also communicated instructions for approved lists of contractors for works. Board's letter No. 80/CE.I/CT/74 dt. 30.4.93 may be referred to. The General Managers are competent to approve the list of approved contractors in this range irrespective of the consideration that some of the works that may eventually be entrusted to them could be of value higher than Rs.5 crores, which is the limit for acceptance of tenders by General Managers. In the 'Two Packet' system, essentially the same process of pre-qualifications is expected to be done through the scrutiny of the contents of the first packet comprising evidence and technical capability, possession of appropriate machinery and equipment financial strength, experience, etc. It would, therefore, be apparent that whenever such a system is followed, there is no need for the railways, etc. to seek the Board's approval before opening the financial bids. The General Manager is competent to act on the recommendations of the Tender Committee relating to the first packet. While forwarding the financial recommendation of the Tender Committee ( after negotiations have been held if necessary, on the financial part of the tenders), the General Manager should give his personal comments on both the technical and the financial aspects of the case.

This procedure is, however, not applicable to tenders relating to projects covered by World Bank Loan, which will continue to be dealt with in accordance with the Procedure prescribed thereafter.

This issues in consultation with the Finance Directorate of the Ministry of Railways.

Receipt of this letter may please be acknowledged.

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## **ANNEXURE – A 1-14**

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

**No. 2008/W-1/Genl./DP**

**New Delhi, Dated 23.05.08.**

As per list attached:

**Sub: System improvement for efficient Project Management.**

Board have been issuing instructions from time to time for empowering field organizations for speedy and efficient execution of works. Board's letter No.2007/CE/I/CT/18 dated 28.9.07 & 7.3.08 in particular, have recently empowered the railways and Pus in this regard. In addition to these empowerment by way of changes in the GCC and policy circulars, Board have also desired that there should be sustained systems improvement by strengthening the project organization. With this objective in view, the following instructions are issued:-

- (i) Survey wing of the project organization may be equipped with the state of art survey equipments and trained staff to ensure fast and quality survey work. A plan of action with time lines in this regard may be reported by return.
- (ii) Only officers and staff who have flair and aptitude fro design and planning work may be posted in the Design and Planning office. Group "A" officers should be posted in Planning and Design offices for a minimum tenure of 2 years. Feedback and confirmation in this regard may be given immediately.
- (iii) Planning cell may be strengthened to carry out proper project planning and monitoring the progress of works. To facilitate this, computerization of these activities with proper networking with the field units, headquarters and Railway Board be undertaken. Targets fixed for the aforesaid may be advised.
- (iv) There are capacity enhancement works wherein many departments have a serious role to play. Before taking up such works, a detailed programme covering all the project activities may be made by the concerned executives and this should be agreed upon by all the departments of construction organization including Stores and Finance departments. An MOU shall be executed by the construction organization with open line departments and this MOU should be sacrosanct.



- (v) Transfer and posting of officers and supervisors from and to construction organization may be done in consultation with CAO/C. Only officers with good track record and sufficient seniority may be considered for posting in construction organization.
  - (vi) Project Management Consultants may be engaged in projects where there are shortages of officers and staff. A model document for this purpose, being deliberated by ED committee of Railway Board would be issued shortly.
  - (vii) The system of writing Annual Confidential Reports for contractors which was in vogue before has now gone into disuse. This system should be revived and put in place for assessing the credentials of tenderers by the tender committee.
2. This issues with the concurrence of Finance Directorate of Ministry of Railways.

Please acknowledge the receipt.

sd/-  
Executive Director (Works)

## **2.0 Classes of Tenders**

### **ANNEXURE-A 2-1**

**Railway Board's letter No.90/CE-1/CT/1 dated 14.12.1990**

**Sub: Consideration of tenders-Powers to dispense with the calling of tenders for works contracts.**

Ref: Board's letter Numbers:

- i) 81/W.I./CT/26/Com dated 2-11-1988
- ii) 81/W.I./CT/26/Com dated 22-12-1989

1. Enhanced powers to dispense with calling of tenders for works contracts were last extended up to 30-09-1990.
2. After due consideration of the subject, it has now been decided that the **powers to dispense with calling of tenders and acceptance of quotations shall be exercised by J.A. and S.A. Grade Officers only and with Finance concurrence as per following schedule:**



	Rank of Officer	Financial limit to dispense with tenders and accept quotations		Total financial limit to which quotations can be accepted by officers within a financial year
		Without finance concurrence	With finance concurrence	
1	Sr.Scale	Nil	Nil	Nil
2	J.A.Grade	Nil	Rs.40,000/-	Rs.4,00,000/-
3	S.A.G/D.R.M.	Nil	Rs.50,000/-	Rs.4,00,000/-

- 3. To avoid unnecessary paper work, a proper assessment of works to be executed under the Zonal Contracts on Open Line and Miscellaneous Works Contracts on Construction Organization should be made.** These tenders should be of viable amounts and should include works under various chapters of the standard schedule of rates. Construction Units should evaluate misc. 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 works of construction/offices/quarters and such other items which may be required to be done at standard schedule of rates of the Railway and include these in the Miscellaneous Works Contracts.
4. Recently the **limit of each work order under such zonal/miscellaneous contracts has been enhanced to Rs. 1.00 lakh** vide Railway Board's letter No.83/WI/ CE/ 18(P) dated 20-11-1990. **These powers should be made use of to the fullest extent and calling tenders for small works separately should be avoided.**
5. Similarly zone tenders should be of adequate value and there should be only one zone contract for a specified jurisdiction for the various items.
- 6. While accepting quotations as now empowered, the following guidelines may be strictly followed:**
- Quotations should not be for items which can be executed through the existing contracts including zonal contracts;
  - Quotations should not be for fancy (expensive but of low utility) items;
  - Quotations should only be for works which are urgent in nature.
  - Quotations should normally be invited from at least 3 contractors working in that area, At least two of them should be from the approved list of the Division;
  - Accepting Authority must take precautions to see that the quotations are from genuine firms (and not from fictitious firms); and
  - A Register showing full particulars of works authorized will be maintained by each Officer and this should be open to verification by Accounts while passing the bills. D.R.M./A.D.R.M. should have a monthly review as a matter of control.
- 7. Approved list of contractors should be periodically up-dated as per extant instructions.**



8. This issues in consultation with the Finance Directorate of the Ministry of Railways.

Receipt of this letter may be acknowledged.

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

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## **ANNEXURE- A 2-2**

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

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**No.90/CE-I/CT/1**

**New Delhi, the 24.4.96.**

The General Managers,  
All Indian Railways including  
DLW, CLW, ICF, CORE/Allahabad,  
RCF/Kapurthala, W&AP/Bangalore  
and MTP/Railways, Calcutta.  
The Chief Admn.Officers (Constrn.),  
Central Railway/Bombay, Northern Railway, Kashmere Gate/Delhi,  
NE Railway/Gorakhpur, Southern Railway/Madras,  
S.C. Railway/Secunderabad, S.E. Railway, Visakhapatnam,  
Western Railway/Bombay, COFMOW/N.Delhi & DCW/Patiala.  
The Chief Engineer (S&C), Eastern Railway/Calcutta.  
The GM(Con.), N.F. Railway, Malaigaon, Guwahati.  
The DG/RDSO, Lucknow.  
The Directors,  
IRICEN/Pune, IRISSET/Secunderabad, IRIME/Jamalpur and IRIEE/Nasik.  
The Principal/RSC, Vadodara.

**Sub: Consideration of Tenders – Powers to dispense with calling of tenders for works contracts.**

Ref: Railway Board's letter No.90/CE-I/CT/I, dated 14.12.90.

\*\*\*

As per Railway Board's above quoted letter, powers to dispense with calling of tenders and acceptance of quotations have been given to JA Grade and SA Grade officers and are meant for works of urgent nature. **No powers to dispense with tenders and to accept quotations were given to senior scale officers. Situations are arising where the senior scale officers are holding independent charge in the Divisions instead of JA Grade Officers.** To cover such situations in the Divisions i.e. where senior scale officers dealing with works contracts are holding independent charge instead of JA



**Grade officers, it has been decided to delegate powers to dispense with calling of tenders for works contracts and zonal contracts as follows-**

Rank of the officer	Financial limit to dispense with tenders and accept quotations.		Total financial limit to which quotations can be accepted by Officers within a financial year
	Without Financial Concurrence.	With Finance Concurrence	
Senior Scale (In charge) in the Division holding Independent charge.	Nil	Rs. 20,000/-	Rs.1,00,000/-

**Reasons for dispensing with tenders have to be recorded in each case and prior finance concurrence obtained.**

This issues in consultation with Finance Dte. of the Ministry of Railways.

Sd/-

**(Ved Prakash)**

**Executive Director Civil Engg. (G)  
Railway Board.**

New Delhi, the 24.4.96.

No.90/CE-I/CT/I,

Copy (with 40 spares) forwarded to ADAT (Rlys.).

Sd/-

**(Ved Prakash)**

**Executive Director Civil Engg. (G)  
Railway Board.**

New Delhi, the 24.4.96.

No.90/CE-I/CT/I,

Copy forwarded for information and necessary action to:-

The Director of Audits, All Indian Railways, Production Units and Construction Organisations.

Sd/-

**(Ved Prakash)**

**EDCE(G)/Rly.Board.**

Copy forwarded to:-

- 1.ACCS.III, F (X) I, F(X) II, Vig.I, Rly. Bd. (with 15 spares).
- 2.DEV(R), EDF(X), EDLM, EDW, ED(RE), EDTD. (M), EDTK.(M/C), EDTK. (P), EDCE (B&S), EDCE(P), Railway Board.
- 3.Adv.(CE), Adv. (W), Adv. (Sig.), Adv.(Telel.), Adv. (Comm.,.), Adv.(MG), Adv. (Budget), Adv. (Elec.), Adv.( Project)), Adv.(Mech.), Adv. (Rly.....), Adv. (Rly. Board.).

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## **ANNEXURE- A 2-3**

**GOVERNMENT OF INDIA (BHARAT SARKAR)**



**Ministry of Railways (Rail Mantralaya)**  
**(Railway Board)**

**No.97/CE-I/CT/32**

**New Delhi, the 27.08.97.**

**Sub: Procedure with regard to Single Tenders/Awards of Contracts on Zonal Railways.**

Ref:- Board's letter No.93/W2/PQR/SC/4/Pt. Dt. 27.9.96.

\*\*\*

Further to Board's letter No.93/W2/PR/SC/4/Pt. dated 27.9.96 wherein Board had sought to streamline the **procedure for award of works on Single tender basis by the Zonal Railways, the following clarification are issued:-**

- i) While the Circular of 27.9.96 stressed the need for restraint on calling of single tenders for routine works, withdrawal of the financial powers of GM (presently up to Rs. 3 Crores) to call for **single tenders in emergent situations** was not the intention.
- ii) Emergent situation would cover-
  - a) Accidents, breaches involving dislocation to traffic.
  - b) Works of specialized 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.
  - c) Any other situation where General Manager personally considers is inescapable to call for single tenders subject to the following provision:-
    - 1) This cannot be delegated further even if the CAO(C) enjoys all powers of GMs as in the case of certain Railways.
    - 2) Prior **concurrence of FA&CAO** is obtained.
    - 3) **No post facto sanction/ratification** will be allowed.
    - 4) Single Tender should be resorted to only after exhausting the Open Tender/Special Limited Tender routes.
    - 5) **Tight targets and urgency cannot be accepted** as a reason for calling Single tenders. In these cases, limited Tenders/Special Limited Tenders should invariably be called for from the approved list and not from non-registered contractors.
- iii) In view of the commitment to the Rajya Sabha Committee on Govt. Assurances, the number of cases finalised on Single tender in each of the above mentioned three categories, (ii) (a), (b) and (c), should be reported to the Board through the GM's Monthly PCDO to CRB. This would ensure a close monitoring of the number of cases of single tender over the various Zonal Railways.
- iv) All other instructions contained in Board's letter No. 93/W2/PQR/SC/4/Pt. dated 27.9.96 should be strictly followed.
- v) This issues with the concurrence of the Finance Directorate of Board's office. Please acknowledge receipt.

**Sd/-**  
**(V.K.Bahmani)**



E.D,CE(G)  
Railway Board.

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**ANNEXURE- A 2-4**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

No. 2000/Works/General/Tenders on Int.

Dated 02-04-2002.

The General Manager,  
All Indian Railways

The Chief Administrative Officer/Const.  
All Indian Railways  
(Except N.F.Rly).

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

**Sub: Web hosting of Standard Contract Clauses & Standard General conditions for Domestic Contracts.**

For the convenience of construction industry and others, M/s. Construction Industry Development Council, New Delhi, have put the Standard Contract Clauses and the Standard General Conditions for Domestic Contracts on the internet which can be downloaded from their website at [www.cidcindia.net](http://www.cidcindia.net). This is for information and appropriate action by the Railways to make use of the same.

Sd/-  
(Rajesh Tripathi )  
Director Works

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**ANNEXURE- A 2-5**

**GOVERNMENT OF INDIA**  
**Ministry of Railways**  
**(Railway Board)**

No.94/CE-I/CT/4

New Delhi, the 4.06.03.

To,  
As per list of "A" attached.

**Reg:- Appointment of Works Contractors – Finalization of tenders.**  
Ref:- Board's letter of even number dt. 17.10.2002.



Board vide their letter referred above issued **certain instructions based on the recommendations made by Sudhir Chandra Committee**. The matter has been re-examined in the light of the emerging field requirements and Board has approved the following amendments to the above-referred letter.

**Limited Tenders (LT):**

Add a new clause below Clause 2.4.4.6

**In respect of tenders between Rs. 1 Crore and Rs. 8 Crores, GMs may, if considered necessary, prepare an approved list as per instructions as in Annexure-I and resort to Limited Tenders from parties borne in this list. These powers may be delegated by GMs, if considered necessary, in consultation with Finance. However, instructions are valid only till 31.3.2004, as an experimental measure.**

**Two Packet System:**

The existing Clause No.2.8.5.1 will stand deleted. In place of this, following clause should be inserted:-

**“GMs may call the tenders based on Two Packet wherever they feel necessary. However, for the works tenders having clause of more than Rs. 1 crore and upto Rs. 8 crores, they may, as far as feasible, call the tender on Two Packet System. These powers may be delegated by GMs, if considered necessary.**

**Eligibility Criteria (Clause 2.3.4.1):**

Item 2 in the table should be read as follows:-

Should have completed in last 3 financial years (i.e. current year and 3 previous financial years)	<b>At least one similar single work for a minimum value of 35% of advertised tender value</b>
--	---

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

\*\*\*\*\*  
**ANNEXURE- A 2-6**

**No.94/CE-I/CT/4.**

**New Delhi, the 11-6-2003.**

**From  
EDCE(G), Rly. Board**





To  
As per List attached.

**Reg: Appointment of Works Contractors – Finalisation of tenders.**

Ref: Board's letter of even No. dated 04-6-2003.

Kindly refer to Board's letter of even number dated 04-6-2003 wherein certain amendments in the Board's letter of even number dated 17-10-2002 were notified. Annexure-I to the above referred letter is now enclosed herewith.

Also, the following corrigendum is made in Para (2) – Two Packet System – of Board's letter of even number dated 04-6-2003:-

In 4<sup>th</sup> line, delete the words "Rs.1 crore and upto". After correction, the Para would read as follows:-

(2) Two Packet System:

The existing Clause No.2.8.5.1 will stand deleted. In place of this, following clause should be inserted:-

"GMs may call the tenders based on Two Packet System wherever they feel necessary. However, for the works tenders having value of more than Rs.8 crores, they may, as far as feasible, call the tender on Two Packet System. These powers may be delegated by GMs, if considered necessary.

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

Encl: Annexure – 1

Sd/-  
(Parmod Kumar)  
EDCE(G), Rly. Board.

**Annexure-I**

Approved list for calling limited tenders may be prepared for the following monetary slabs:-

<b>Class</b>	<b>Value</b>	<b>Eligibility Criteria</b>
D1	Upto Rs.1 crore	(i) They should have an Engineering Organisation with at least a (one) Graduate Engineer having 10 years experience plus an Engineering Diploma Holder having 5 years' experience in relevant discipline and maintain a minimum complement of transport equipments and construction tools



		<p>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 similar works each individually costing not less than Rs.25 lakhs.</p> <p>(iii) Should have received at least Rs.75 lakhs as the contract payment during the last 3 financial years and in the current financial year.</p>
C1	More than Rs.1 crore and upto Rs.3 crores	<p>(i) They should have an Engineering Organisation with at least a (one) Graduate Engineer having 10 years experience plus 2 Engineering Diploma Holders each having 5 years' experience in relevant discipline and maintain a minimum complement 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 similar works each individually costing not less than Rs.75 lakhs.</p> <p>(iii) Should have received at least Rs.3 crores as the contract payment during the last 3 financial years and in the current financial year.</p>
B1	More than Rs.3 crores and upto Rs.5 crores	<p>(i) They should have an Engineering Organisation with at least 2 Graduate Engineers each having 10 years experience plus 2 Engineering Diploma Holders each having 5 years' experience in relevant discipline and maintain a minimum complement 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 similar works each individually costing not less than Rs.1.25 crores.</p> <p>(iii) Should have received at least Rs.6 crores as the contract payment during the last 3 financial years and in the current financial year.</p>
A1	More than Rs.5 crores and upto Rs.8 crores	<p>(i) They should have an Engineering Organisation with at least 2 Graduate Engineers each having 10 years experience plus 4 Engineering Diploma Holders each having 5 years' experience in relevant discipline and maintain a minimum complement of transport equipments and construction tools and plants commensurate with the nature</p>



		<p>of works being done by them.</p> <p>(ii) At the time of enlistment, they should have satisfactorily executed at least two similar works each individually costing not less than Rs.2 crores.</p> <p>(iii) Should have received at least Rs.10 crores as the contract payment during the last 3 financial years and in the current financial year.</p>
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(2) **In respect of tenders of value more than Rs.5 crores and upto Rs.8 crores, GM would have the discretion to call limited tenders or open tenders for reasons to be recorded in writing.**

(3) In respect of tenders of value upto Rs.5 crores, the decision whether to call limited tenders or open tenders can be taken by the CAO(C)/East Central Railway personally duly recording reasons therefore and this power will not be further delegated to any lower level.

(4) **It is further directed that all the open tenders which have already been floated should be opened and dealt with as per normal procedure.**

(5) **Following procedure should be followed for formation of approved list of contractors for 3 categories of works, namely, (i) earth work in formation and cutting including construction of minor bridges, (ii) major bridges/ROBs/RUBs and (iii) supply of ballast and boulders.**

(I) Applications will be invited from the eligible contractors/firms through open advertisement in the newspapers and on websites of the Railway on the Internet/Railnet giving wide publicity.

(II) **Applications can be submitted by the firms satisfying the eligibility criteria as mentioned under Para 1 for different categories of the contractors.**

(III) **To have better and larger number of firms participating in the tenders, any tenderer registered for higher value of works will be automatically considered eligible for participating in the tenders for lower value of works.**

(IV) The following documents will be required to be submitted by firms to judge working capability and capacity of the firms:-

- (a) List of works completed by the firm in last 5 years.
- (b) List of ongoing works awarded to the contractor but not completed.
- (c) Last Audit Report from registered Chartered Accountant.



- (d) List of tools and plants.
- (e) List of vehicles, heavy earth compactors, dumpers etc.
- (f) List of technical staff working for the firm.

**(V) Registered Charges:**

All the firms applying for enlistment will have to pay non-refundable registration charges in A/c Payee Demand Draft in favour of FA&CAO/ FA&CAO(Con.) or cash to be remitted in the cash office of the Railway for different categories as under:-

Category	Registration Amount	Category	Registration Amount
D1	Rs.15,000/-	B1	Rs.25,000
C1	Rs.20,000/-	A1	Rs.30,000

The contractors desirous of registration should submit the application in the proforma prescribed by the Railway for each category of work in each slab. Registration charges shall be paid for each category separately. The registration will be valid upto 31-3-2004.

**(VI) Standing Earnest Money:**

The contractors borne on the approved list will have the facility of Standing Earnest Money. **They have to deposit a fixed amount of Rs.2,00,000/- (Rupees two lakhs) towards Standing Earnest Money before they are allowed to participate in the tenders.**

**(VII) Committee for Examining the Applications:**

The applications received in response to open advertisement/Internet Notice will be screened by a Committee of 3 officers which will be formed in the same manner as the Tender Committee to deal with the tender of that value and its recommendations will be accepted by the same authority who is competent to accept the tender of that value of the category.

**(VIII) Registration / enlistment in the approved category will be valid upto 31-3-2004. However, the names can be deleted earlier also on the basis of performance.**

**(IX) At least 6 contractors would be registered in each category.**

**(X) The Standing Earnest Money shall be counted as valid Earnest Money for open tenders also for works costing upto Rs.8 crores. This facility will also be available to the contractors for open tenders of other branches such as Electrical, S&T etc. within the same organization i.e. either Open Line or Construction Organisation.**



(XI) For registration of contractors for work of supply of Ballast & Boulders, a suitable clause in eligibility criteria may be inserted by the Railway in regard to Plant & Machineries and Licensing of Land/Quarry etc.

(XII) The phrase “Similar Works” in eligibility criteria should be defined unambiguously while notifying the tender notice.

The above procedure would be followed as an experimental measure only upto 31<sup>st</sup> March, 2004.

Zonal Railway has full powers to float high value tenders and process the same as per existing delegation of powers.

This issues with approval of Railway Board (ME, FC)

Sd/-  
(Parmod Kumar)  
EDCE(G), Rly. Board.

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## ANNEXURE- A 2-7

GOVERNMENT OF INDIA  
Ministry of Railways  
(Railway Board)

No.2002/CE-I/CT/37

New Delhi, the 2.08.2006.

Addressed to,

As per list of “A” attached.

**Sub:- Inclusion of Joint Ventures/Partnership firms in tender conditions and NIT.**

With a view to ensuring better participation and competitions in the major tenders, especially those invited under two-packet system, Ministry of Railways have decided that henceforth the tender conditions and the Notice Inviting Tenders should provide adequate clause to ensure participation by JVs/Partnership firms. These instructions may be brought to the notice of all concerned for effective implementation.

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.

No.2002/CE-I/CT/37

New Delhi, dated 2.8.2006.



Copy forwarded for information to the FA & CAO, All Indian Railways.

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

Copy to: All Board Members and Executive Directors in Board's office.

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### **ANNEXURE – A 2-8**

**Letter No.97/CE\_I/CT/32 dated 24-2-1999 from EDCE(G), Railway Board.**

**CORRIGENDUM  
(Standing Engineering Order No.10, Annexure – 3).**

**Sub: Procedure with regard to Single Tender – Award of contracts on Zonal Railways.**

Add new Para (iv) in Board's letter of even number dated 27-8-1997 as under:-

“However, Annual Maintenance Contract for equipments may be placed on authorized dealers with approval of Addl. General Managers.”

The existing Paras (iv) and (v) of Board's letter under reference may accordingly be renumbered as Paras (v) and (vi).

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

Please acknowledge receipt.

Sd/-  
EDCE(G), Railway Board

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### **ANNEXURE – A 2-9**

**GOVERNMENT OF INDIA  
Ministry of Railways  
(Railway Board)**

**No.2007/CE-I/CT/13**

**New Delhi, the 3.09.2007.**



Addressed to,  
As per list of 'A' attached.

**Sub:- Power of Acceptance of Works Tenders.**

In order to ensure uniformity amongst various Zonal Railways with regard to the value of tender acceptance by the various tender accepting authorities, Board have decided that the Power of acceptance of Works Tenders will be as under:-

<b>S.No.</b>	<b>Power of acceptance of works tenders</b>	<b>Accepting Authority</b>
1	Upto Rs.2 Crore	SG/JAG
2	Above Rs.2 Crore and upto Rs.8 Crore	SAG
3	Above Rs.8 Crore and upto Rs.50 Crore	HAG
4	Above Rs.50 Crore and upto Rs.100 Crore	GM

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

Please acknowledge receipt.

Sd/-  
**EDCE(G), Railway Board**

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**ANNEXURE – A 2-10**

**GOVERNMENT OF INDIA  
Ministry of Railways  
(Railway Board)**

**No.2007/CE-I/CT/13**

**New Delhi, the 15.10.2007.**

Addressed to,  
As per list of 'A' attached.

**Sub:- Power of Acceptance of Works Tenders.**

**Ref:- Board's letter No.2007/CE-I/CT/13 dated 3.09.2007.**

Some of the newly created zones have expressed difficulty in implementing the order contained in the above referred Board's letter since large number of departments in their zones are headed by CHODs and not by PHODs and that most of these zones have no AGMs, and hence even tenders and value less than Rs.50 crore which are within the competence of HAG grade officers have to be necessarily put up to GMs. To overcome this difficulty, in partial modification of above referred Board's letter, following changes are introduced:-



- (i) Where the department is not headed by a PHOD rank officer in HAG, the power of acceptance of works tender shall be as under:-
- (a) Tenders of value in the range of Rs.8 crore to Rs.30 crore shall be accepted by CHOD in the rank of SAG and
  - (b) Tenders of value in the range of Rs.30 crore to Rs.50 crore shall be accepted by AGM and where no AGM is posted, such tenders shall also be accepted by GM in addition to those tenders in the value range of Rs.50 crore to Rs.100 crore.
- (ii) Further, Board have also decided that in case of Production Units, Workshops and Divisions, GMs in consultation with the FA&CAO may further delegate powers to various officers duly taking into account the local conditions, work requirement, availability of officers etc. However, the upper limit of the value range for tender acceptance prescribed in the above referred Board's letter shall not be exceeded.

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

Please acknowledge receipt.

Sd/-  
EDCE(G), Railway Board

### **ANNEXURE – A 2-11**

**GOVERNMENT OF INDIA  
Ministry of Railways  
(Railway Board)**

**No.2007/CE-I/CT/1**

**New Delhi, 31.08.2007.**

Addressed to,  
As per list of 'A' attached.

**Sub:- Enhancement of tender value – delegation of powers of NS items.  
Ref:- Board's letter No.94/CE-I/CT/37 dated 5.5.1995.**

Board have been considering for some time to delegate some powers to the railways for introducing non-standard items in works contracts without finance concurrence. It has now been decided that in works contracts if due to unavoidable and inescapable reasons, introduction of a new NS item is considered necessary, the same can be done without finance concurrence subject to a maximum ceiling of Rs.5 lakh in a contract (or) 10% of original value of the contract whichever is less. This power shall be exercised by SG/JAG level





officer upto a value of Rs.50,000 in a contract and by SAG level officer upto a value of Rs.5 lakh in a contract.

2. Rates of such NS items accepted without finance concurrence cannot be quoted as Last Accepted Rate (LAR) for justifying similar rates in future tenders. Only rates obtained through competitive tender process can be adopted as LAR.

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

Receipt of this letter may be acknowledged.

Sd/-  
**EDCE(G), Railway Board**

## **ANNEXURE – A 2-12**

**GOVERNMENT OF INDIA  
Ministry of Railways  
(Railway Board)**

**No.2002/CE-1/CT/37**

**New Delhi, dated 02.09.2008.**

Addressed to,

As per list of 'A' attached.

**Sub:- Participation of Joint Venture Firms in Works Tenders.**

**Ref:- Railway Board's letter No.2002/CE-I/CT/37 dated 02.8.2006.**

Board vide letter referred above had issued instructions to the Railways that adequate clauses may be incorporated in major tenders to facilitate participation of Joint Venture Firms in works tenders. Since different Zonal Railways adopt different procedures/clauses in this regard, Board have been considering for some time to issue guidelines in the matter to bring in uniformity in the procedure. Accordingly, in consultation with Ministry of Law & Justice, guidelines are issued herewith (annexure enclosed) for incorporating suitable clauses in works tenders of value more than Rs.5.0 crore (Rupees five crore) each to facilitate participation of JV Firms.

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



3. Please acknowledge receipt.

DA: One (six pages)

Sd/-  
**EDCE(G), Railway Board**

### **GUIDELINES FOR PARTICIPATION OF JOINT VENTURE FIRMS IN WORKS TENDER:**

1. Separate identity/name shall be given to the Joint Venture firm.
2. Number of members in a JV firm shall not be more than three if the work involves only one department (say Civil or S&T or Electrical) and shall not be more than five if the work involves more than one department.
3. A member of JV firm shall not be permitted to participate either in individual capacity or as a member of another JV firm in the same tender.
4. The tender form shall be purchased and submitted only in the name of the JV firm and not in the name of any constituent member.
5. Normally EMD shall be submitted only in the name of the JV and not in the name of constituent member. However, in exceptional cases EMD in the name of lead partner can be accepted subject to submission of specific request letter from lead partner stating the reasons for not submitting the EMD in the name of JV and giving written confirmation from the JV partners to the effect that the EMD submitted by the lead partner may be deemed as EMD submitted by JV firm.
6. One of the members of the JV firm shall be the lead member of the JV firm who shall have a majority (at least 51%) share of interest in the JV firm. The other members shall have a share of not less than 20% each in case of JV firms with upto three members and not less than 10% each in case of JV firms with more than three members. In case of JV firm with foreign member(s), the lead member has to be an Indian firm with a minimum share of 51%.
7. A copy of Memorandum of Understanding (MOU) executed by the JV members shall be submitted by the JV firm along with the tender. The complete details of the members of the JV firm, their share and responsibility in the JV firm etc. particularly with reference to financial technical and other obligations shall be furnished in the MOU. (The MOU format for this purpose shall be finalized by the railway in consultation with their law branch and shall be enclosed along with the tender).
8. Once the tender is submitted, the MOU shall not be modified/ altered/terminated during the validity of the tender. In case the tenderer fails to



observe/comply with this stipulation, the full Earnest Money Deposit (EMD) shall be forfeited. In case of successful tenderer, the validity of this MOU shall be extended till the currency of the contract expires.

9. Approval for change of constitution of JV firm shall be at the sole discretion of the Employer (Railways). The constitution of the JV firm shall not be allowed to be modified after submission of the tender bid by the JV firm except when modification becomes inevitable due to succession laws etc. and in any case the minimum eligibility criteria should not get vitiated. In any case the Lead Member should continue to be the Lead Member of the JV firm. Failure to observe this requirement would render the offer invalid.

10. Similarly, after the contract is awarded, the constitution of JV firm shall not be allowed to be altered during the currency of contract except when modification become inevitable due to succession laws etc and in any case the minimum eligibility criteria should not get vitiated. Failure to observe this stipulation shall be deemed to be breach of contract with all consequential penal action as per contract conditions.

11. On award of contract to a JV firm, a single Performance Guarantee shall be required to be submitted by the JV firm as per tender conditions. All the Guarantees like Performance Guarantee, Bank Guarantee for Mobilization advance, machinery Advance etc. shall be accepted only in the name of the JV firm and no splitting of guarantees amongst the members of the JV firm shall be permitted.

12. On issue of LOA, an agreement among the members of the JV firm (to whom the work has been awarded) has to be executed and got registered before the Registrar of the Companies under Companies Act or before the Registrar / Sub-Registrar under the Registration Act, 1908. This agreement shall be submitted by the JV firm to the Railways before signing the contract agreement for the work. (This agreement format should invariably be part of the tender condition). In case the tenderer fails to observe/comply with this stipulation, the full Earnest Money Deposit (EMD) shall be forfeited and other penal actions due shall be taken against partners of the JV and the JV. This joint venture agreement shall have, inter-alia, following clauses:-

**12.1 Joint and several liability:-** The members of the JV firm to which the contract is awarded, shall be jointly and severally liable to the Employer (Railways) for execution of the project in accordance with General and Special Conditions of the contract. The JV members shall also be liable jointly and severally for the loss, damages caused to the Railways during the course of execution of the contract or due to non-execution of the contract or part thereof.



**12.2 Duration of the Joint Venture Agreement:-** It shall be valid during the entire currency of the contract including the period of extension if any and the maintenance period after the work is completed.

**12.3 Governing Laws:-** The Joint Venture Agreement shall in all respect be governed by and interpreted in accordance with Indian Laws.

**13. Authorized Member:-** Joint Venture members shall authorize one of the members on behalf of the Joint Venture firm to deal with the tender, sign the agreement or enter into contract in respect of the said tender, to receive payment, to witness joint measurement of work done, to sign measurement books and similar such action in respect of the said tender/contract. All notices/correspondences with respect to the contract would be sent only to this authorised member of the JV firm.

**14.** No member of the Joint Venture firm shall have the right to assign or transfer the interest right or liability in the contract without the written consent of the other members and that of the employer (Railways) in respect of the said tender/contract.

**15.** Documents to be enclosed by the JV firm along with the tender:

**15.1** In case one or more of the members of the JV firm is/are partnership firm(s), following documents shall be submitted:

- (a) Notary certified copy of the Partnership Deed,
- (b) Consent of all the partners to enter into the Joint Venture Agreement on the stamp paper of appropriate value (in original).
- (c) Power of Attorney (duly registered as per prevailing law) in favour of one of the partners to sign the MOU and JV Agreement on behalf of the partners and create liability against the firm.

**15.2** In case one or more members is/are Proprietary Firm or HUF, the following documents shall be enclosed:

Affidavit on Stamp Paper of appropriate value declaring that his Concern is a Proprietary Concern and he is sole proprietor of the Concern OR he is in position of "KARTA" of Hindu Undivided Family and he has the authority, power and consent given by other partners to act on behalf of HUF.

**15.3** In case one or more members is/are limited companies, the following documents shall be submitted:

- (a) Notary certified copy of resolutions of the Directors of the Company, permitting the company to enter into a JV agreement,



authorizing MD or one of the Directors or Managers of the Company to sign MOU, JV Agreement, such other documents required to be signed on behalf of the Company and enter into liability against the company and/or do any other act on behalf of the company.

- (b) Copy of Memorandum and articles of Association of the Company.
- (c) Power of Attorney (duly registered as per prevailing law) by the Company authorizing the person to do /act mentioned in the para (a) above.

15.4 All the members of the JV shall certify that they have not been black listed or debarred by Railways or any other Ministry /Department of the Govt. of India/State Govt. from participation in tenders/contract in the past either in their individual capacity or the JV firm or partnership firm in which they were members/ partners.

#### 16. **Credentials & Qualifying criteria:**

Technical and financial eligibility of the JV firm shall be adjudged based on satisfactory fulfilment of the following criteria:

##### 16.1 **Technical eligibility criteria:**

Either the JV firm or any one of the members of the JV firm must have satisfactorily completed in the last three previous financial years and the current financial year up to the date of opening of the tender, one similar single work for a minimum value of 35% of advertised tender value.

**OR**

In case of composite works (e.g. works involving more than one distinct component such as Civil Engineering works, S&T works, Electrical works, OHE works etc. and in the case of major bridges, substructure and superstructure etc.), at least 35% of the value of each such component of similar nature should have been satisfactorily completed by the JV firm or any one of the members of the JV firm in the previous three financial years and the current financial year up to the date of opening of tender. In such cases, what constitutes a component in a composite work shall be clearly defined as part of the tender condition without any ambiguity.

#### **NOTE:**

**Value of a completed work done by a Member in an earlier partnership firm or a JV firm shall be reckoned only to the extent of the concerned member's share in that partnership firm/JV firm for**



**the purpose of satisfying his compliance of the above mentioned technical eligibility criteria in the tender under consideration.**

**16.2 Financial eligibility criteria:**

The contractual payments received by the JV firm or the arithmetic sum of contractual payments received by all the members of JV firm in the previous three financial years and the current financial year up to the date of opening of tender shall be at least 150% of the estimated value of the work as mentioned in the tender.

**NOTE:**

**Contractual payment received by a Member in an earlier JV firm shall be reckoned only to the extent of the concerned member's share in that JV firm for the purpose of satisfying compliance of the above mentioned financial eligibility criteria in tender under consideration.**



## **3.0 Calling of Tenders**

### **ANNEXURE-A 3-1**

**Letter No.68/WI/CT/25 dt. 12<sup>th</sup> July, 1968 from Director (Civil Engg.)/Rly.Bd.,New Delhi addressed to GM/All Indian Rlys.**

**Sub:- Supply of Railway Materials to contractors.**



Certain disputes have arisen in respect of additional lead and lift for taking Railway materials to the site of work, because the point where the railway materials would be supplied was not specified in the contract.

The Board desire that **in all contracts where Rly. Materials are to be supplied, the special conditions of contract should specify the place where various materials are to be handed over to the contractor and it should also be made clear that all lead and lift from that place to the site of work would be at the expense of the contractor.**

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### **ANNEXURE- A 3-2**

**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 23<sup>rd</sup> report of the Public Accounts Committee (4<sup>th</sup> 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**





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.

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### **ANNEXURE- A3-3**

Copy of letter No.68-B (C)-PAC/IV/23/20 dt.25<sup>th</sup> October, 1968, from Director (Civil Engg.)Railway Board, New Delhi, addressed to General Managers, All Indian Railways, etc.

**Sub:- Recommendation No.20 of the 23<sup>rd</sup> Report (Fourth Lok Sabha) of the Public Accounts Committee on para of the Audit Report (Railways) 1967 – Western Railways – Extra expenditure due to failure of a contractor.**

In a case reported in para 33 of the Audit Report (Railways)1967, a Railway Administration awarded a contract for supply of ballast at a cost of Rs.5.46 lakhs to a contractor, who was not on the approved list, without formally verifying his credentials before accepting his offer. As a result of subsequent failure of the contractor, the Rly. Admn. had to make alternative arrangements, resulting in an extra expenditure of about Rs. 1.86 lakhs.

The public accounts committee in their comments on this para have criticized the award of such a big contract to a contractor whose credentials were not properly verified. **Para 1104 of the Indian Railway Code for the Engg.Deptt. as well as Para 2 of the standard regulations for tenders and contracts require that no work or supply should be entrusted for execution to a contractor whose capabilities and financial status have not been investigated before hand and found satisfactory.** The instructions laid down are sufficiently elaborate and there should be no occasion for any lapse or failure to follow the prescribed procedure. The attention of all concerned should be drawn to these standing orders in order to ensure that such instances do not occur in future.

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### **ANNEXURE- A3-4**

**Addl.Dir.(CE),Rly.Bd.vide his L.No.76/WI/CT/53 of 22.4.77.**

It has come to the notice of the Bd. that on certain divisions on Railways approx. quantities/value item wise are not indicated in the tender papers while calling for the tender for works. **Non-inclusion of approx. quantities/value item wise has a definite vigilance potential in as much as the interse position of the tender can be altered by making adjustments in the quantities in case of item rate tenders. Even in the case of tenders called on percentage basis over the schedule of rates, it would be desirable to indicate the quantities/value of various items of works at least in respect of broad major bldg. activity, earth activity, sanitary work, water supply etc., so as**



to give a better assessment of work to the contractor and to enable him to furnish reasonable and competitive rates. Board, therefore, desire that the Railways should strictly follow the instant instructions in this regard and avoid recurrence of such incidents. In this connection attention is invited to para 339 & 416 of I.R.Stores Code, which is also applicable to works contracts.

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### **ANNEXURE- A3-5**

**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.**

1. 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:-
  1. Approval of site and detailed plans by competent authority.
  2. 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.**

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### **ANNEXURE- A3-6**



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

**No.93/CE-I/CT/85**

**New Delhi, dated 9.5.94.**

Addressed to:

As per List attached.

**Sub:- Tender 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 from print 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 dt. 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- A3-7**

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

**No. 94/CE-I/CT/4**

**New Delhi, dated 17.9.97**

Addressed to :

As per list attached.

**Sub: Procedure for inviting tenders and awarding works contracts.**



\*\*

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.**

**Sd/-**  
**(VED PRAKASH)**  
**Executive Director, Civil Engg. (G)**  
**Railway Board**

### **EXTRACT**

**Instructions regarding procedure for inviting tendrs 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 Rs. 20 lakhs as was fixed vide Board's letter no. 83/W.I//4/Policy dt. 4.4.89.

#### **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 & No. 97/CE-I/CT/32 dt. 27.8.97 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:**



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

#### **4. APPROVED LIST OF CONTRACTORS**

Executive Orders as per Annexure-I should be strictly followed:

#### **5. ELIGIBILITY CRITERIA FOR AWARDING WORKS**

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

#### **6. HOLDING OF NEGOTIATIONS**

Negotiations should be scarcely resorted to. However, when negotiations have to be held, the tenderers should be properly briefed by the Tender Committee about various aspects for which negotiations have been called. After such briefing, the tenderers should be given some time to make their revised offer. **(Superseded by letter no. 90CE-I/CT/1 OF 27.1.99 placed at Annex. – A5-2)**

#### **7. ASSESSING THE REASONABILITY OF RATES:**

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

#### **8. INVITATION OF TENDER DETAILED**

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

#### **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 SCHEDULED ITEMS IN THE CONTRACTS**

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

#### **11. APPROVAL/SALE/CORRECTION OF TENDER DOCUMENTS:**

- (i) It should be ensured that the Tender documents should be approved by the competent authority before issuing the tender papers.
- (ii) The Sale of tender documents should be stopped 4 hours before opening of tenders.
- (iii) Corrections and over-writings in rates should be numbered and attested by the tender opening officer.

#### **12. REVISION OF SOR AND QUOTING OF RATES:**

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

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

#### **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 lump sum basis and not on item rate basis. RDSO should be appointed as proof consultants to check the design & drgs, submitted by the contractors at various stages to the work. To facilitate the 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 payment takes care that the portion of 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 lump sum basis, the Tenderers should be asked to indicate quantities along with 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 any reduction in the quantities actually executed, there would be a proportionate reduction in payment.

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

**14) EVALUATION OF TENDERS:**

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

**15) SUBLETTING 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.

**16) INCOME TAX CLEARANCE CERTIFICATE:**

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

**17) TENDER DOCUMENTS:**

- i) Board's instructions issued vide letter No.93/CE.I/CT/11 dated 04-05-93 should be strictly followed.
- ii) Reference to complete specifications/drawings should be mentioned in the tender documents.
- iii) Wherever a mention is made in the tender documents for supply of material by the Railways, specific mention of the place/office be made in the tender documents. It should not be left vague.

**18) MATERIALS ISSUED TO THE CONTRACTORS:**



- a) Provisions of Para 1269 of Engineering Code should be strictly followed.
- b) The recovery rate for excess material supplied by the Railways should be 1.5 times the cost of procurement, which is inclusive of Freight.
- c) Maximum percentage of cut-pieces, which can be returned by the contractors without any deduction, should be specified in the tender documents when full-length bars are supplied. It should be mentioned in the tender documents that for any excess over this quantity, deduction at the rate of 50% of the cost of material worked out as per Para (b) above would be deducted.
- d) Hire charges of equipment/machinery should be specified in the tender documents itself. Such hire charges should be periodically revised.
- e) Proper record of daily consumption of cement should be maintained at site. This register should be initialled by Supervisory staff and periodically test checked by the officers.
- f) Day to day consumption record of chemicals such as water proofing, anti-termite used at site should be maintained properly. Actual consumption of cement and these chemicals should be checked with theoretical requirement to ensure quality of work.

**19) SITE ORDER BOOK:**

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

**20) TESTING OF BUILDING MATERIAL:**

- i) Regular testing of building materials such as bricks, sand, aggregates, tiles, waterproofing compounds, doors and windows etc. should be done.
- ii) Day to day quality control, sample testing facilities should 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 cases of design mix concrete.
- vi) In case of cement, steel, HTS, wires, besides obtaining test certificates from the contractors, regular independent tests to check the quality as per specifications should be done.
- vii) Railways should procure materials from IS approved firms. Independent tests should be conducted to ensure that the materials conform to IS specifications.

**21) RECORDING OF MEASUREMENTS:**

- i) Measurements must be recorded directly in the Measurement Book by authorized officials.
- ii) Prescribed checks on the measurements should be carried out by senior officers and references made in the Measurement Books as well as in relevant bills.
- iii) Payments at full rate must be made for an item unless the item has been completed as per the specifications and accepted by the competent authority.

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**ANNEXURE- A3-8**

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

**No.2000/CE-I/CT/42**

**New Delhi, dated 12.02.01**

Addressed to:

As per List attached.

**Sub:- Selling of tender documents for open tenders.**

In reference to above following clarification is issued in consultation with Finance and Vigilance Directorate of Railway Board.

**The tender documents in the case of open Tenders, are to be issued to those prospective tenderers who deposit the fee for tender documents irrespective of whether an eligibility clause is prescribed or not. In case, an eligibility clause is prescribed, it is for tender committee to evaluate whether the tenderer satisfies the prescribed eligibility clauses.**

This also disposes of the MTP (Railways), Mumbai letter No.MT/W/G/375/XI dated 28.09.2000



Sd/-  
(Pradeep Kumar)  
Executive Director, Civil Engg(G)  
Railway Board.

Copy to:

- 1.PPS/PSs to CRP, FC,ME,ML,MS,MM,MT,Secy.
- 2.AMCE,AM (Works), AM (Projects), AM (Plg),AM (Sig.).
3. EDCE (P), EDCE (B&S), EDTK (M), EDTK(P), EDW,EDLM, EDTR, EDRC, EDR(X) EDTT,ED(RE), DTI (PCL), EDV(L).

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### ANNEXURE- A3-9

**Copy of letter No. 2001/CE.I/CT/20 dt. 17.8.2001 from Shri Parmod Kumar, Executive Director, Civil Engineering (G), Railway Board. To The General Managers and others.**

**Sub: Delay in issue of the tender papers and lengthy tender notices.**

Instances of delay in preparation and issuing of tender papers after publication of the tender notice in the newspapers etc keep on coming in the notice of Board. In this regard, your attention is invited to Board's letter No.77-W-I/CT/40 dt. 24.10.1977 and also reiterated through Board's letter No.93/CE-I/CT/85 dt. 09.5.94 wherein it is stipulated that" **the Railway should ensure availability of the tender document for sale immediately after the tender notices are published in the news papers. 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.**

It is once again reiterated that the instructions contained in the above-said Board's in this regard should be followed strictly.

There are also cases when the tender inviting authority or his representative issues the tender papers to some of the tenders on the pretext that the particular tenderer (s) does/do not fulfil the eligibility criteria. For this, your attention is drawn to the clarification issued by the Board in this regard vide letter No. 2000/CE-I/CT/42 dt. 12.2.2001. It clearly states that "**in case of open tender, it is the Tender Committee to evaluate whether the tenderer satisfies the prescribed eligibility clauses.**"

Further, it is also noted that tender notices appearing in the press are needlessly long. Unnecessary long tender notices, apart from causing loss of revenue to the Railway, also tend to lose the clarity of the subject. It is therefore, essential that **due care is exercised by the concerned authority who approves the notices for inviting**



tenders to ensure that the tender notices are crisp and clear, do not have unnecessary repetitions and ambiguity.

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### **ANNEXURE- A3-10**

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

**No.2001/V3/N/Misc./Tender**

**New Delhi, dated 23.6.2001**

The Chief Administrative Officers/Chief Engineers,  
All Indian Railways.

**Sub:- Issue of repeated corrigenda to original Tender Notice.**

It has come to the notice of Board's Office that the construction organization of one of the zonal railways had tendered the work of Bridge construction and issued as many as **9 corrigenda in the notice for inviting tender (NIT)** obviously to add or delete some items of the original tender notice. The matter has been viewed seriously in Board.

To avoid such repeated correction in the Tender Notice, it is advised that before issue of tender notice, complete preparation is to be insisted upon by senior executives. The preparation may include availability of detailed plans, & design details completion of tender documents etc. and its vetting by associated accounts of tender documents as & when required. Unless such items are attended to, the tender notice should not be sent for publication in the newspapers.

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

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### **ANNEXURE – A 3-11**

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

No.2000/W-1/NE/NL/10

New Delhi 110 001

The General Managers, CR/Mumbai,  
Indian Railways/Pus etc.

Date: 17.10.2001

**Sub: Processing of Tenders.**

\*\*

Recently while dealing with a tender case, it was observed by MSR (OR) that the manner in which the case had been dealt with suffered from certain deficiencies.



Firstly, there was huge gap in the cost estimate prepared by the Railway and the rates quoted by the Tenderers. This could be **either due to an incorrect and unrealistic cost estimate or due to not laying down exact specifications** of the work leading to a considerable scope for speculation.

Secondly, the **advertisement for the tender had been released in the newspapers most of which did not cater to the business/commercial world.** This resulted in poor response to the tender invitation. While the role of the local / regional newspapers cannot be undermined, an unnecessary bias towards these newspapers seemed to be unimportant reason for poor participation by the prospective Tenderers.

As a result of these shortcomings, the tender had to be ultimately discharged leading to a wastage of time and resources.

With a view to guarding against such wastage, it is essential that **before calling the tenders, the cost estimates are prepared realistically** based on duly approved plans and drawings, properly defined specifications and taking into account current market rates so as to eliminate any scope for speculation.

Further, it should be ensured that the **tender notice is given maximum publicity** while releasing the advertisement for tenders depending upon the importance of work has, care should also be taken to have a judicious mix of local, national and/or financial dailies in order to generate adequate competition.

This issues in consultation with the Finance Directorate of the Ministry of Railways.

**Sd/-**  
**(K.P.SINGH)**  
**Executive Director/Work**  
**Railway Board.**

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## **ANNEXURE- A3-12**

**Copy of letter No. 2001/CE.I/CT/23 dt. 07.11.2001 from Shri Parmod Kumar, Executive Director, Civil Engineering (G), Railway Board to The General Managers and others.**

**Sub: Safety Works.**

Board has formulated a scheme to clear the backlog of Safety Works costing about Rs.17,000 crores, which will be completed during the next 5 years. Since considerable amount of expenditure is going to be made, it is imperative that full value for the money is realized considering the tight position of the exchequer. Majority of the works would be got done through works contracts. It is proposed that **advance planning and**



preparation needs to be done by the Railways before executing the works. The areas, which will need attention, are:-

**ESTIMATES:** Before any work is executed, it is necessary that an estimate of the work should be prepared. For this purpose, the exercise should begin from bottom upward wherein the field staff would assess the quantity of the items to be executed,. This can be test-checked by the field officers in order to verify its accuracy.

**PREPERATION OF SCHEDULE:** Since most of the works will be done through contractual agencies, it would be necessary to prepare a schedule of the items for different type of works involved. It would be preferable to have a standard schedule for various type of works. This would facilitate the processing of the tender at various levels and result in considerable saving in time and efforts. There is no need to have different schedules for a particular item of work.

**SPECIFICATION:** The specifications for various items of work proposed to be executed based on the provisions of the Codes/Manuals and other subsidiary instructions issued. This will help in eliminating the ambiguity while quoting the rates during the tendering as well as enable, the field engineers to do the checking for ensuring proper quality control. As far as possible the tender documents should contain all principal items of specification with standard stipulation of acceptance or rejection. Test checking and approving authority should also be stipulated,.

**ECONOMY OF SCALE:** In some cases where the high value items have to be procured through works contracts, their content should not be normally higher than 25/30% of the total contract value because normally this mode is costlier. In any case, while examining reasonable of the rates of such items procured through works contract, it should be ensured that centralized procurement rate has to be considered and examined properly to justify the works contract rate.

**LAST ACCEPTED RATES:** It would be necessary to have complete database of last accepted rates in the various contracts executed on the divisions/railways. This would help in comparing the rates in the proposed tenders. For transportation of materials, though it will be desirable to transport material by rail, yet there would be few stations in which transportation by road would have to be resorted to. In such cases, market analysis of rates would have to be done by obtaining quotations from transporters and applying in a realistic way so that excessive rates are not paid in the garb of urgency.

This procedure may be followed strictly.

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## **ANNEXURE- A3-13**

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

No. 94/CE-I/CT/4

New Delhi. Dated 20.3.2002.

Addressed to: As per list attached



**Sub: - Appointment of Works Contractors -Finalization of tenders-Eligibility criteria for enlistment of Contractors in 'A; to 'D' Category.**

Ref: - Board's letter No.94/CE-I CT/4 dated 8/15.2.02.

The revised eligibility criteria for enlistment of the Contractor in 'A' to 'D' categories was circulated to the Railways vide Board's letter mentioned above. However, some of the Railways have sought a clarification with regard to Engineering Organization/Permanent Engineering Organization.

It is clarified that Engineering Organisation/Permanent Engineering Organization shall be as per the Board's letter No.85/W1/CT/23/(GCC) dated 16.8.1989. **The comprehensive eligibility criteria as would now be applicable for fresh registration is given in Annexure-I.**

This is issued with the concurrence of the Finance Directorate of Railway Board.

Hindi Version will follow.

DA/Annexure-I

Sd/-  
**(Parmod Kumar)**  
**Executive Director Civil Engineering (Genl)**  
**Railway Board.**  
**Annexure-I**

**Sub:- Revised Eligibility criteria for enlistment of Contractors in 'A; to 'D' Category.**

The modified revised criteria for enlistment of contractors 'A' to 'D' category is as given below:-

S.No.	Slab	Eligibility Criteria
(i)	Class 'D' (upto Rs. 10 lakhs)	(i) At the time of enlistment, they should have satisfactorily executed at least two works each individually costing not less than Rs.1 lakhs.
(ii)	Class 'C'- more than Rs. 10 lakhs upto Rs. 25 lakhs.	(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 Rs.4 lakhs.  (i) They should have an engineering organization



(iii)	Class 'B'-more than Rs. 25 lakhs & upto Rs. 50 lakhs.	with at least a graduate engineer having 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 Rs.10 lakhs.
(iv)	Class 'A'-more than Rs. 50 lakhs & upto Rs. 1 crore.	(i) They should have an engineering organization with at least a graduate engineer having 10 years experience plus as engineering diploma holder have 5 years experience in relevant discipline and maintain a 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 Rs.25 lakhs.

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### **ANNEXURE- A3-14**

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

**No. 2000/Works/General/Tenders on Int.**

**Dated 02-04-2002.**

The General Manager,  
All Indian Railways

The Chief Administrative Officer/Const.  
All Indian Railways  
(Except N.F.Rly).

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



**Sub: Web hosting of Standard Contract Clauses & Standard General conditions for Domestic Contracts.**

\*

For the convenience of construction industry and others, M/s. Construction Industry Development Council, New Delhi, have put the Standard Contract Clauses and the Standard General Conditions for Domestic Contracts on the internet which can be download from their website at [www.cidcindia.net](http://www.cidcindia.net). This is for information and appropriate action by the Railways to make use of the same.

Sd/-  
( Rajesh Tripathi )  
Director Works

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**ANNEXURE- A3-15**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

No. ESO No. 29/10/5  
Rail Bhavan,  
New Delhi.

Dated 29.7.2002

The General Manager, All Indian Railway and Production Units.  
GM/CORE/Allahabad, CAOs/COFMOW, DCW,  
DG/RDSO/Lucknow, Principal/RSC/Vadodara,  
Directors/All Engineering Training Institutes.

**Sub:- Putting up of Tender Notices and Tender Documents on the Internet (Works Contracts).**

Board have issued instructions vide their letter No.94/CE-I/CT/4 dated 22/10/01 (clause 2.4.4.2) that **notices for inviting limited tenders be also put on Internet wherever is possible. Railway Board have now further decided that to start with Tender Notices and Tender Documents of all Open Tenders being invited by the HQ offices of GM, CAO/C should also be put up on the website of the concerned Railways/Production Units/other Units.**

2. The following points must be ensured prior to commencing this practice:-
- i) **The websites must be hosted on secured servers.**
  - ii) **Only certain nominated persons should be allowed to upload Documents to the websites.**
  - iii) **Document should be uploaded through FTP (File Transfer Protocol) with appropriate password protection. Passwords should be changed periodically to prevent unauthorized access (this is to prevent inadvertent or malicious modification of the contents of the Tender**





Documents or Notices). Also necessary properly worded warning to all the bidders may be put in the beginning of the tender document itself that if any change/addition/deletion with malafide intention is made by the bidder and the same is detected at any stage even after award of the tender, all necessary action including banning of business would be taken. In addition, he is also liable to be prosecuted as per the law. Inbuilt safeguarding mechanism in the software itself like hash-totalling may also be provided if found helpful. Efforts may also be made to have signatures of the tendering authority on each page of the tender form which are put on the Internet. Nowadays, softwares are available which provide such facilities. In a nutshell, intention is to minimize/eliminate the chances of tampering with the tender documents by the unscrupulous persons and therefore Railway may take any such step which may be considered appropriate by them in consultation with computer expert.

iv) **An on-line form should be provided to potential bidders for filling in, after which the Tender Documents should be downloadable by clicking on a button.**

v) The documents to be downloaded must contain the following text:

At the top of the first page of the document.

“The end of this document is indicated by an End of Document marker”  
and ‘downloaded from Internet website’.

At the bottom of the last page of the document:

“End of document”

vi) **The fact that tender documents and tender notices have been put up on the Website must be widely publicized.**

3. Tenderer should furnish necessary tender fee along with their tender. Tender not accompanied with requisite tender fee is liable to be rejected. The fee can be taken in the form of bank draft etc. as acceptable to Railway.

4. Railways must ensure that persons are nominated for this work at the earliest and trained to upload documents via FTP to the Zonal Railway’s/Production Units’ websites.

5. The agency hosting the website must also be contacted at the earliest so that appropriate password protected FTP facilities can be obtained.

6. It is preferable, though not mandatory, to put up documents on the website in PDF format.

7. Board desire that the Railways should gear up to implement these instructions w.e.f. 1.10.2002.

8. It is further desired that status of implementation of these instructions be reported through their **monthly PCDOs by CEs in the following format:**

- (i) **No. of tender invited from the HQ during the months.**
- (ii) **No. of tenders put on internet.**



**No. of tender downloaded from Internet opened.**

9. The extant web policy circulated vide Board's letter No.99/C&IS/Web page dated 28.09.1999(Annex.'A') should be referred to. A watch should be kept on the forthcoming revisions to the web policy also.

10. The issues with the approval of C&IS, Finance Dtes. of Railway Board and ME.

Please acknowledge receipt of this letter.

Sd/-  
**(PARMOD KUMAR)**  
**Executive Director Civil Engineering (G)**  
**Railway Board.**

**No.2002/CE.I/CT/5**  
**Dated 29.7.2002.**

\*\*\*\*\*

### **ANNEXURE- A3-16**

**Member Engineering,**  
**Rly Board. &**  
**Ex.Officio Secretary,**

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

**Kanwarjit Singh**  
**Member Engineering.**  
**New Delhi**

**D.O.No.2002/CE/1/CT/5**

**dated.28.10.2002.**

My dear (GMs, all Zonal Railways),

**Sub: Placing of tender documents on website (Internet) of works contracts.**

Ref: ESO No.29/10/5 issued vide Board's letter of even number dated. 29.7.002 and a reminder of even number dated.11.10.2002.

....

1. There have been complaints of mafia operation in some of the area on Indian Railways in the works contracts. They put obstacles in the normal system of tendering; thus many times the legitimate genuine bidders are not able to participate in the tenders. Hon'ble M.R. has also been mentioning about this evil and shown his concern to handle the same effectively.

2. One of the measures to overcome this menace could be to place tender papers on secured website so that the same can be down-loaded from a Personal Computer by the intending bidder. To enable the Railways to go ahead with this, Board issued



instructions vide ESO No.29/10./5 (Board's letter of even number dated.29.7.2002). These instructions were to be implemented by 01.10.2002.

3. After talking to various Railways, I come to understand that not much headway has been made in this regard except on Southern Railway where CAO/C has confirmed that one tender has been put on Southern Railway website.

4. I would request you to take personal interest to institutionalize the system at the earliest duly observing necessary safeguards.

With best wishes,

Yours sincerely,

Sd/-  
( Kanwarjit Singh )

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### **ANNEXURE- A3-17**

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

**No.2002/CE-I/CT/5**

**New Delhi the 17.1.2003.**

**Sub: Putting up of Tender Notices and Tender Documents on the Internet (Works Contracts).**

Ref: i. Board's ESO No.29/10/5 dated 29.7.2002.  
ii. Board's letter of even number dated.11.10.2002.

Instructions have already been issued vide Board's ESO mentioned at S.No.(i) above followed by a reminder of even number dated 11.10.2002 (S.No.ii) to put up Tender Notices/Documents on Website so that same can be downloaded by the intending bidders. **It was also desired by the Board that the position of placing of such tenders be given through Monthly PCDOs for the perusal of Board. It is regretted that regular reporting of this item is not being done through PCDOs except by CAOs (Construction) of some Railways.**

Board (ME) is very keen that the instructions are implemented in the field in right earnest and the information to be given through PCDO's in the slightly modified proforma as given in the enclosed Annexure from January-2003 onwards. Position upto December 2002 may please be sent through a letter separately.

Encl: One proforma



**Sd/-**  
**(Parmod Kumar)**  
**Exec.Director.Civil Engg (G)**  
**Railway Board**

**TENDERS ON INTERNET (HQ'S LEVEL TENDERS)**

<u>Total tenders floated</u>		<u>No.of tender documents uploaded</u>		<u>No.of tender documents downloaded</u>		<u>No.of tenders submitted with downloaded tender papers</u>	
<u>During the month</u>	<u>Cumulative since</u>	<u>During the month</u>	<u>Cumulative since</u>	<u>During the month</u>	<u>Cumulative since</u>	<u>During the month</u>	<u>Cumulative since</u>

Note: 1. The website on which the tender documents are available is \_\_\_\_\_  
2. The uploading of tender documents started from date \_\_\_\_\_

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**ANNEXURE- A3-18**

**No.98/ORD/1**

**Dtd. 04.09.03**

**From Deputy Secretary/Government of India, Central Vigilance Commission**

**To**  
**All Chief Vigilance Officers**

**Sub: Irregularities in the award of contracts.**

Sir/Madam,

While dealing with the case of a PSU, the Commission has observed that the **qualification criteria incorporated in the bid documents was vague and no evaluation criterion was incorporated therein. It is also seen that the category-wise anticipated TEUs were not specified in the bid documents and the same was left for assumptions by Tender Evaluation Committee for comparative evaluation of financial bids, which led to comparative evaluation of bids on surmises and conjectures.** Further, it was also provided as a condition in the tender bid that the tenderer should have previous



experience in undertaking handling of similar work and/or transportation works preferably of ISO containers, however, no definition of 'similar works' was, indicated in the bid documents.

2. It should be ensured that pre-qualification criteria, performance criteria and evaluation criteria are incorporated in the bid documents in clear and unambiguous terms as these criterion very important to evaluate bids in a transparent manner. Whenever required the departments/ organizations should follow two-bid system, i.e. technical bid and price bid. The price bids should be opened only of those venders who were technically qualified by the Deptt./Organisation. The Commission would, therefore, advise that the Deptt./Organisation may issue necessary guidelines in this regard for future tenders.

3. It has also observed that the orders were allegedly split in order to bring it within the powers of junior officers and that the proper records of machine breakdown were not being kept. It is therefore, decided that **in the matters of petty purchase in emergency items all departments / Organisations must keep proper records of all machine breakdown etc.**

4. CVOs may bring this to the notice of all concerned.

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### **ANNEXURE- A3-19**

**Copy of letter No. 2002/CE-I/CT/38/Policy. dt. 09/10.11.2003. from Shri Parmod Kumar, Executive Director, Civil Engineering (G), Railway Board. To All General Managers and others.**

**Sub: Report of Mafia problems in Railway Works Contracts.**

Board vide their letter no. ERB-1/2002/23/67 dt. 12.12.2002 appointed a Committee consisting of CAO (Con.), ECR , EDF (X)-I and EDCE(G) to go into the problems of mafia in Works contracts and to make suggestions for overcoming/mitigating these problems.

**A copy of the recommendations is enclosed herewith for your information and necessary action please.** Board have already issued instructions for item (i) to ECR for implementing complete e-tendering for Five (5) Tenders on an experimental basis. After obtaining results from ECR, further instructions shall be issued to other Railways. Similarly, recommendations no.(v) is being examined in Board's office and further instructions to Zonal Railways will follow. **Meanwhile Railways may take action on items(ii), (iii) , (iv) & (vi) forthwith.**

This issues with the concurrence of Finance and Vigilance Directorates of the Board.

**Encl. as above**



**Recommendation of the Committee on Mafia Interference in Works Contracts.**  
**Based on the above deliberations, the Committee makes the following recommendations.**

- (i) To go in for complete e-tendering immediately. To begin with, the system can be adopted on experimental basis in one or two Railways. This will eliminate Mafia interference completely at the first stage i.e. tendering process.
- (ii) **To go for high value tenders, say in the range of Rs.40 crores for which Railway Board have already delegated the powers to GMs.**
- (iii) **In the areas which are severely affected by Mafia activities, the tendering process can be centralized and can even be done in the Headquarters of other Zonal Railways where there is no threat perception of Mafia elements or is almost minimal as is being done by NHAI.**
- (iv) **In the areas where there is acute problem of Mafia at execution stage also, Police protection through RPSF /State Governments would be necessary. If necessary, provision of funds in the project estimates for security purpose can be made.**
- (v) Railway Protection Force (RPF) be given Civil Police powers to deal with Mafia elements interfering in Railway works based on the specific complaints.
- (vi) Intending contractors should be encouraged to avoid dropping of tender on the last day.

**(Sd/- by CAO/C/ECR, EDCE/G AND EDF(X))**

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### **ANNEXURE- A3-20**

**No.2001/CE-I/CT/33 (SOR) Pt.**

**New Delhi, the 13-11-2003.**

**From  
EDCE(G), Railway Board.**

**To  
As per List attached.**

**Sub:- Transportation of material by road.**

Ref: Rly Bd letter no. 99/V3/C/31 dt. 6-10-2000

1. It has come to the notice of the Board that a large number of Vigilance cases are arising out of the tenders/contracts relating to transportation of material by road. It appears that Railways' Schedule of Rates do not cater for longer leads which have now become a regular feature on account of large scale transportation of material over long distances by road.

2. In this connection, Board's letter as mentioned above may also be referred to. Board have further decided that the Railways may review the Schedule of



Rates on priority and include longer leads also as applicable to their Railway. For this, various slabs of leads may be provided in the Schedule of Rates for various types of materials to be transported. **Till the Schedule of Rates (SOR) are revised to cater for long leads also, tender for transportation of material by road should be called based on SOR rates upto the leads which are catered for in the SOR directly i.e. without operating the items for additional lead. Tender for leads, more than the leads provided for in the SOR, should be called based on non-schedule items duly following the procedure prescribed for such items.**

3. Railways may also consider entering into yearly contracts for a Dy.CE's/Divisional jurisdiction on the lines of rate contract wherever such transportation of material is needed round the year in consultation with associate Finance. The schedule of the work may indicate the various slabs of leads for different types of materials. Railway should indicate the analysed rates for these items in the tender and should ask fixed percentage above or below on these rates from the tenderers.

4. This issues with the concurrence of Finance and Vigilance Directorates of the Board.

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## **ANNEXURE- A3-21**

**SHIV KUMAR**  
**Advisor Vigilance.**

**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**  
**NEW DELHI.**

D.O. No.2003/VI/CVC/1/21

Dated:- 24<sup>th</sup> Feb.2004.

Dear Shri Jaruhar,

**Sub:- Improving vigilance administration – increasing transparency in tendering.**

Ref:- (i) Railway Board's letter No. 2003/VI/CVC/1/21 dated 26.12.2003 (RBV No.15/20-03).

(ii) Railway Board's letter No.2003/RS(G)/779/13 dated 4.2.2004 (RBS No.5/04).

\*\*\*

**Central Vigilance Commission (CVC) in the exercise of their power conferred on it under Section 8(1) (h) had issued instructions vide order No.98/ORD/1 dated 18.12.03 which were circulated vide above referred letters for implementation.**



As per these instructions in all the cases where open tender systems is resorted to for procurement of goods or services or auction or sale of goods or services, the complete bid documents along with application form should be **published on the website**. The website address is to be given in the advertisement/NIT published in the newspapers. The complete application form should be available on the website for the purpose of downloading and application made on such a form shall be considered valid for participating in tender process. The parties making use of website should not be asked to again obtain some other related documents from the department manually for the purpose of participation in the tender process. If Railways wishes to charge for the application form down loaded from the computer then they may ask the bidder to pay the amount by draft/cheque at the time of submission of the application form and bid documents.

**These instructions were to take effect from 1<sup>st</sup> Jan.2004 for all such organization whose websites are already functional.**

Ever since, CVC is regularly pointing out a list of cases where even though zonal Railway/PUs have the website but the newspaper advertisement with regard to tenders issued by them does not contain the website address and indicate instructions regarding availability of tender documents on website. CVC has asked for appropriate action against the concerned officials for non-compliance of these instructions. Besides taking a view about those individual cases, **you are requested to instruct all the concerned officials responsible for inviting open tenders to ensure implementation of CVC instructions without fail.**

A line in confirmation would be appreciated.

With regards,

Yours sincerely,  
Sd/-  
(Shiv Kumar)

**Shri R.R.Jaruhar  
General Manager  
Northern Railway  
Baroda House,  
New Delhi.**

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**ANNEXURE- A3-22**

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

**No.2004/CEI/Misc./MR's Instructions**

**New Delhi, dated 21-6-2004**

The General Managers/Const,





N.F.Railway, Maligaon, Guwahati.  
The CAOs (Constn)/Chief Egnineer Constn (Co-ord)  
All Indian Railways.  
The Principal Chief Engineers/Chief Engineers (Co-ord\_  
All Indian Railways.

**Sub:- e-tendering to curb mal-practices in tendering.**

Recently Hon'ble MR during his discussion with CRB has desired that the Railway should speed up the process of e-tendering to check the mal-practices in tendering system so that all interested parties can bid freely for particular work they intend to do.

Instructions issued earlier on the subject vide Board's references as mentioned below may also be connected:-

- i) ESO No.29/10/5 dated 29.7.2002.
- ii) ME's D.O.letter No.2002/CEI/CT/5 dated 28.10.2002 addressed to all GMs.
- iii) Letter No.90/CE-I/CT/1 dt.25/29-10-2002.
- iv) Letter No. 99/CEI/CT/1 dated 8.3.2004 containing CVC's instructions on the subject of placing the complete tender documents on website from 1.1.2004 depending on whether the web site is already functional or new site is to be opened).
- v) ME's D.O.to all GMs (No.99/CEI/CT/1 (Pt) dt. 1.4.2004.

The subject of preventing the mafia interference in Railway works contract was also deliberated by a committee comprising of CAO/Constn./East Central Rly. and 3 EDs of Railway Board and their recommendations duly accepted by the Board were circulated vide Board's letter No.2002/CE-1/CT/38/Policy dt. 7/10-11-2003.

**It is once again reiterated that Rly . should take immediate action to expedite the process of e-tendering and send the confirmation to the Board for the same to apprise the Hon'ble MR.**

Sd/-  
**(PARMOD KUMAR)**  
EDCE(G)

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**ANNEXURE- A3-23**

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

**No.2004/CEI/Misc./MR's instructions**

**New Delhi, dated 3-9-2004**

The General Managers,  
Central/Eastern/Northern, Southern, South Eastern/



Western Railways.  
The General Manager,  
Metro Rly.,  
Kolkata.  
The General Manager,  
ICF,  
Chennai.

**Sub:- Travel facilities to the labour of Rly . contractor.**

A representation has been under consideration of Board for allowing travel facility to contractor's labour from their residence to work place especially in metro town areas. The issue was deliberated upon in full Board Meeting and it has been decided that **on a trial basis in future contracts of the works in metropolitan areas of the Howrah, Mumbai, Delhi and Chennai, a special condition may be included in tender documents that the contractor will purchase season tickets as per the extant procedure for his labour for travel by train in order to ensure adequate facilities for their transportation form their place of living to the place of work and back**

**The wordings of the clause to be included in special conditions of contract may be finalized in consultation with FA & CAO and Law Officer of the Railway.**

**However clause-9 of General Condition of Contract (GCC) regarding Rly.passes that, "No free Rly. Passes shall be issued by the Railway to the contractor or any of his employee /worker" will remain unchanged.**

A yearly report on the subject may be sent to Board.

This issues with the concurrence of Legal and Finance Directorates of Ministry of Railways.

**Sd/-**  
**(Parmod Kumar)**  
**Exec. Director, Civil Engg.(G),**  
**Railway Board.**

- Copy to (i) FA & CAO,Central/Eastern/Northern/South/South Eastern/Western Rlys,FA&CAO/Metro Rlys./Kolkata and FA&CAO, ICF/Chennai.  
ii). Principal Chief Engineers/Chief Engineers(Co-ord),  
Central/Eastern/Northern/Southern/South Eastern/Western Rlys/Metro Rlys./Kolkata and ICF/Chennai.  
iii). Pr.Audit Officers, Central/Eastern/Northern/Southern/South Eastern/Western Rlys/Metro Rlys./Kolkata and ICF/Chennai.

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**ANNEXURE- A3-24**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAY**



(RAILWAY BOARD)

No.98/CE.1/CT/32

New Delhi, dated 25.2.2005

Addressed to: As per list attached.

**Sub:- Purchase preference for products and services of  
Central Public Sector Enterprises (CPSE)**

Ref:- This office letter of even No.dt.1.8.2002.

Enclosed please find a copy of Ministry of Heavy Ind. & Public Enterprise's O.M.No.DPE/13 (12)/2003-Fin. Dt. 26.10.2004 on the **decision of Govt.of India to extend the policy of purchase preference for Products and Services of Central Public Sector Enterprises for one more year w.e.f. 1.4.2004 to 31.3.2005 for strict compliance. The term "services" also includes 'works contracts'.**

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

Receipt of this letter may please be acknowledged.

Sd/-  
(**PARMOD KUMAR**)  
EDCE(G)

DA:One.

Copy to: 1. FA & CAO, All Indian Rlys.  
2. FA & CAO ©, All Indian Railways.

Copy to: Works I, II, Mech (W), S&T, RE, F(X), Track –I,II,III and Planning  
Directorates, Rly. Bd.

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**ANNEXURE- A3-25**

**Copy of letter No.2004/ V-1/CVC/1/18 dated 13.4.2005 received from R.S.Sharma, Director Vigilance (Mech), Railway Board, New Delhi to The General Managers, Directors & others.**

**Sub: On award of tenders/contracts publishing on websites.**

1. The Central Vigilance Commission vide its letter No.005/VGL/4 (Office Order No.13/3/2005) dated the 16<sup>th</sup> March,2005 on the subject cited above has stated that as follow-up of its directive on use of "website in public tenders", all organizations must post a summary every month of all the contracts/purchases made above a certain threshold value to be decided by the CVO in connection with the head of organization.



2. Accordingly, it has been decided that **the details of all the tenders/ works contract of value more than one crore rupees of Engineering/ Mechanical/ Electrical/ S&T/ Medical Departments Rs.50 lakhs for Commercial department and all the purchases of value more than twenty lacs, done through 'Stores contract should be given on the website as per Annexure-1. The following detail should also be given :**

- i) Actual date of start of work**
- ii) Actual date of completion**
- iii) Reasons for delays, if any**

3. It is requested to bring this to the notice of all concerned. A compliance report in this regard should be sent by the SDGMs along with their monthly report to CVC.

DA/As above.

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### **ANNEXURE- A3-26**

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

**No.94/CE.I/CT/53**

**New Delhi, dated 18.5.2007**

Addressed to:-

As per list attached "A"

**Sub:- Correction slip to Para 1240 A of Indian Railway Code for the Engg. Deptt. 1999 (Third Re-print).**

The Ministry of Railways (Railway Board) have decided that para 1240 A of the Indian Railways code for the Engg. Deptt. 1999 (Third Re-print) may be amended as shown in the enclosed correction Slip No.41.

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

Receipt of this letter may please be acknowledged.

Hindi version will follow.

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

No.94/CE.I.CT/53

New Delhi, dated 18.5.2007.

- i) ADAI (Rlys.) New Delhi with 50 spares.



- ii) The Director of Audit, All Indian Railways.
- iii) FA & CAO, All Indian Railways.

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

1. A/Cs (III), F(X)I, Vig. (I) with 5 spares,
2. EDV(E) ED (W0), ED (L&A) EDCE P), ED/TK(M), EDTK (MC), ED TK (P), EDCE (B&S) EDCE (RC&F), ED (MP), EDRE & EDF (X)-I- Railway Board.
3. AM (CE), AM(W), AM (S&T), AM(Elect) AM (Mech), AM (Comml). AM (Store), AM (B) – Railway Board.
4. Sr.PPSs, to CRB, FC, ME, MT, MS, ML, MM & Secy. Railway Board.

**ADVANCE CORRECTION SLIP TO INDIAN RAILWAYS CODE FOR  
ENGINEERING DEPARTMENT-1999 (Third Re-print)  
CORRECTION SLIP NO.41**

**1240 A – Cost of Tender Forms.**

The cost of Tender Forms shall be as under:-

<u>Cost of tender forms</u>	<u>Existing</u>	<u>Revised</u>
i) For works costing upto Rs. 5lakhs	Rs. 500/-	<b>Rs. 1000/-</b>
ii)For works costing above Rs. 5 lakhs and upto Rs. 20 lakhs	Rs.1000/-	<b>Rs.2000/-</b>
iii)For works costing above Rs. 20 lakhs and upto Rs. 50 lakhs	Rs.1500/-	<b>Rs.3000/-</b>
iv) For works costing above Rs. 50 lakhs and upto Rs. 2 crores.	Rs.2000/-	<b>Rs.5,000/-</b>
v) For works costing above Rs. 2 crores and uptoRs.50crores	Rs.3000/-	<b>Rs.10,000/-</b>
vi) For works costing above Rs. 50 crores	-	<b>Rs.25,000/-</b>

NOTE:-

**Apart from above:**

- i) If any plan/drawing is attached with the Tender Form, Rs. 200/- per plan/drawing will be levied extra.
- ii) If any Tender Form is to be sent by Regd. Post, additional Postal expenses @ Rs. 500/- per Tender Form will be charged.  
**(This supersedes Railway Board's letter No.94/CE.I/CT/53 dt. 23.12.99)**



(Authority Rly.Bd.'s file No.94/CE.I/CT/53 dt. 18.5.2007)

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### **ANNEXURE – A 3-27**

**Letter No.2001/CE.I/CT/17 dated 20-11-2001 from EDCE(G), Rly. Board.**

**Sub: 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.

**EDCE(G), Railway Board**

**Advance Correction slip No. 35 to the Indian Railway Code for the Engineering Department (1993).**

**Para 1209 E**

The words and figures 'Rs. 1 Lakh appearing in Para 1209 – E may be substituted by Rs. 2 lakhs.'

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

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### **ANNEXURE – A 3-28**

**Letter No.97/CE.I/CT/32 dated 19-1-2000 from EDCE(G), Railway Board.**

**Sub: Calling of Limited Tenders – Issue of Correction Slip to Engineering Code.**

The Ministry of Railways (Railway Board) have decided that a new para 1214-A of the Indian Railway Code for the Engineering Department (Revised Edition 1993) may be added as shown in the enclosed Correction Slip No.25.

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



Receipt of this letter may please be acknowledged.

DA: As above.

Sd/-  
EDCE(G), Railway Board

**ADVANCE CORRECTION SLIP TO INDIAN RAILWAYS CODE FOR THE ENGINEERING DEPARTMENT (1993 EDITION).**

**Add Sub Para 1214-A to Para 1214-E as under:-**

**1214-A: Single Tender can be awarded under following situation such as:-**

**1) EMERGENT SITUATION:-**

- (a) Accidents, breaches involving dislocation to traffic.**
- (b) Works of specialized 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.**
- (c) Any other situation where General Manager personally considers it inescapable to call for single tenders subject to this powers can be exercised by GM only with prior concurrence of Finance.**

**2) Annual Maintenance Contract for equipment can be placed on single tender basis on authorized dealers with approval of Additional General Managers of Railways.**

**NOTE: These powers may be delegated by the General Managers in consultation with FA&CAOs to PHODs /DRMs upto a maximum of Rs.5 lakhs per item per annum. On re-delegation, these powers would be exercised by PHODs/DRMs in consultation with associate finance.**

(Authority Railway Board's letter No.97/CE.I/CT/32 dated 27-8-97 and 24-2-99 and F(X)II-99/PW/3 dated 20-10-99).

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**ANNEXURE – A3-29**

**Letter No.98/CE.I/CT/85 dated 6-9-99 from EDCE(G) to GMs (CE), all Indian Railways.**

**Sub: Deficiencies in percentage rate tenders.**



Your attention is drawn to **Board's letter No.76/W.I/CT/53 dated 22-4-1977. These instructions are still valid (copy enclosed for ready reference).**

**Sd/-  
EDCE(G), Railway Board**

**Letter No.76/WI/CT/53 dated 22-4-1977 from Addl. Director, Civil Engg., Railway Board to GMs/Indian Railways.**

**Sub: Call of Tenders.**

It has come to the notice of the Board that on certain Divisions on Railways approximate quantities/value itemwise are not indicated in the tender papers while calling for the tenders for works. **Non inclusion of approximate quantities /value itemwise has a definite vigilance potential in as much as the intense position of the tender can be altered by making adjustments in the quantities in case of item rate tenders. Even in the case of tenders called on percentage basis over the schedule of rates, it would be desirable to indicate the quantities / values of various items of works at least in respect of broad major building activity, earthwork, sanitary work, water supply etc. so as to give a better assessment of work to the contractor and to enable him to furnish reasonable and competitive rates. Board, therefore, desires that the Railways should strictly follow the extant instructions in this regard and avoid recurrence of such incidents. In this connection attention is invited to para 339 & 416 of the Indian Railways Code for Stores Department, which is also applicable to works contracts.**

Receipt of this letter may please be acknowledged.

**Additional Director,  
Civil Engg.,  
Railway Board**

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## **4.0 Earnest Money and Security Deposit for Works Contracts**

### **ANNEXURE-A 4-1**

**Railway Board's letter No.66/WI/CT-22A of 20.5.67**

**Sub:- Earnest Money for Works and Stores Contracts**

1. It has been observed by the Railway Board that though the tender conditions for works contracts stipulate that tenders unaccompanied by earnest money will not be





considered, there have been cases where such tenders have been considered by the tender committees at their discretion by giving another chance to the Tenderers to deposit the earnest money and thereafter tenders have been accepted by the competent authority. **The Railway Board desire that hereafter tenders unaccompanied by the requisite earnest money should, under no circumstances, be entertained and should be summarily rejected. If this has not been made sufficiently clear in the existing tender papers, the same should be redrafted suitably to emphasise this aspect.**

2. As regards Stores contracts, however, the relaxations already allowed in Board's letter No.56/143/1/RE dated 17.12.56 and No.57/155/1/RS(G) dated 13.4.61 may be allowed to continue but the redelegations of the powers to other purchase officers permitted in the concluding portion of para 3 of Board's letter of 13.4.61 should be withdrawn with immediate effect. These relaxations would apply equally to the sale of materials by tenders in terms of 2310-S, 2320-S and 2321-S.

3. Receipt of this letter may please be acknowledged.

**Sd/-**  
**Jt. Director, Civil Engg.,**  
**Railway Board.**

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### **ANNEXURE- A 4-2**

**Copy of Railway Board's letter No.78/W1/CT/13 (Policy) dated 22<sup>nd</sup>. December, 1978 addressed to General Managers, All Indian Railways, C.A.Os. All Indian Railways and others etc. and copies endorsed to others etc.**

#### **EARNEST MONEY-ROUNDING OFF OF**

The Ministry of Railway have been considering the question of rounding off of Earnest money to be deposited by the tenderers. **It has now been decided that henceforth while calculating the earnest money the amount should be rounded off as under:-**

**Amount of Earnest Money less than Rs. 1,000/-** The earnest money should be rounded off to the next higher ten rupees (for example Rs. 320/- should be realized if the Amount worked out according to the prescribed scales of earnest money is Rs. 311/-).

**Amount of Earnest Money more than Rs. 1,000/-** realized The earnest money should be rounded off to the next higher hundred rupees (for example Rs. 1,200/- should be realized if the amount worked out according to the prescribed scales of earnest money is Rs. 1,120/-).



2. **The aforesaid procedure would be applicable to all contracts except in the case of sale contracts and auction sales etc. where the existing instructions will continue to apply.**
3. This letter is issue with the concurrence of the Finance Directorate of the Ministry of Railway (Railway Board).
4. This disposes of FA & CAO, Wheel & Axle Plant, Bangalore's D.O.letter No.FA/W&AP/Misc./1489, dated 18<sup>th</sup> September, 1978.
5. The receipt of this letter may please be acknowledged.

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**ANNEXURE- A 4-3**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAY**  
**(RAILWAY BOARD)**

No.2006/W/11/NWR/O/PG/1

New Delhi, 24.4.2006.

**The Chief Administrative,  
North Western Railway,  
Jaipur.**

**Sub:- Performance Guarantee.**

Ref:- Your letter No.WWR/BHL/GC/T/70/Vol.0 dated 14.11.2006.

The amendment to general conditions to contract (Works Contracts) were issued vide Board's letter no.2003/CE-I/CT/4/Part/1 dated 12.5.2006 vide which one of the item was regarding performance Guarantee and it stipulated that **successful bidder should give a Performance Guarantee in the form of an irrevocable bank guarantee amounting to 5% of the contract value.**

The reference of NWR has been examined relating to acceptance of FDR against performance Guarantee. **It is clarified that the FDR duly released in favour of FA&CAO/C, may be accepted against performance Guarantee. However, the FDR should be valid for full contract period and conditions for FDR as applicable in the case of earnest money shall apply here also.**

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

Sd/-  
**(P.K.SANGHI)**  
**Executive Director Works**  
**Railway Board.**

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**ANNEXURE- A 4-4**



GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

No.2003/CE-I/CT/4/PT.I.

New Delhi, dated 12/16-5-2006.

To,

As per list attached.

**Subject:- Amendment to General Conditions of Contract (works contracts)**

1. The Ministry of Railways has decided to amend/add certain clauses in the existing General Conditions of Contract (works contracts) to enable more effective and efficient contract management. **The modifications to the existing GCC is enclosed (page 1 – 12). The existing provision and the revised/modified provision in the GCC is shown in juxtaposition.**
2. The existing clauses of the GCC may be modified accordingly and shall be applicable to all prospective works contract tenders.
3. The modification has the approval of Finance Directorate.
4. The modifications is also available on Indian Railways website ([www.indianrailways.gov.in](http://www.indianrailways.gov.in))

Sd/-  
(N.K.SINHA)  
EDCE(G)

S.N	GCC Item No.	Revised
1.	Earnest Money (REGULATION FOR TENDERERS AND CONTRACTORS (CLAUSE 5))	<p>The tenderer shall be required to deposit earnest money with the tender for the due performance with the stipulation to keep the offer open till such date as specified in the tender, under the conditions of tender. <b>The earnest money shall be 2% of the estimated tender value as indicated in the Tender Notice. The earnest money shall be rounded to the nearest Rs.10.</b> This earnest money shall be applicable for all modes of tendering.</p> <p>(b) It shall be understood that the tender documents have been sold/issued to the tenderer and the tenderer is permitted to tender in consideration of stipulation on his part, that <b>after submitting his tender he will not resile from his offer or modify the terms and conditions thereof in a manner not acceptable to the Engineer. Should the tenderer fail to observe or comply with the said stipulation, the aforesaid amount shall be liable to be forfeited to the Railway.</b> <u>(No change)</u></p> <p>(c) <b>If his tender is accepted this earnest money mentioned in sub clause (a) above will be retained as part security</b> for the due and faithful fulfillment of the contract in terms of Clause 16 of the General Conditions of Contract. <b>The Earnest Money of other tenderers, shall save as herein before provided, be returned to them, but the Railway shall not be responsible for any loss or depreciation that may happen thereto while in their possession, nor be liable to pay interest thereon.</b> <u>(No change)</u></p> <p>(d) <b>The practice of allowing Standing EMD is dispensed forthwith</b></p>



		<p><b>for all tenders. Therefore, Sub clause (d) stands deleted.</b></p> <p><b>(2) The Earnest Money should be in cash or in any of the following forms:-</b></p> <p>(i) <b>Deposit receipts, pay orders, demand drafts.</b> These forms of earnest money could be either of the <b>State Bank of India or of any of the nationalized banks.</b> No confirmatory advice from the Reserve Bank of India will be necessary.</p> <p>(ii) <b>Deposit receipts executed by the Scheduled Banks (other than the State Bank of India and the nationalized Banks) approved by the Reserve Bank of India for this purpose.</b> The Railways will not, however, accept deposit receipt without getting in writing the concurrence of the Reserve Bank of India.</p> <p><b>(b) Earnest Money may be accepted in the following forms:-</b></p> <p>(i) <b>A deposit in cash.</b>  (ii) <b>Government securities at 5% below the market value,</b>  (iii) <b>Deposit receipts or demand drafts of the Nationalised Banks,</b>  (iv) <b>A deposit in the Post Office Saving Bank,</b>  (v) <b>National Savings Certificates,</b>  (vi) <b>Twelve Year National Defence Certificates,</b>  (vii) <b>Ten Year Defence Deposits,</b>  (viii) <b>National Defence Bonds,</b>  (ix) <b>National Savings Certificates,</b>  (x) <b>Time Deposit Account which came into force on 16.3.1970 and notified under Ministry of Finance, Notification No.F3(7)NS/70 dated 28.2.1970,</b>  (xi) <b>IRFC Bonds.</b></p> <p>Note:- (vi) to (viii) These certificates/bonds may be accepted at their surrender value.</p>
2.	16(1) Security Deposit	<p><b>(1) The Earnest Money deposited by the Contractor with his tender will be retained by the Railways as part of security for the due and faithful fulfillment of the contract by the contractor. The balance to make up the security deposit, the rates for which are given below, may be deposited by the Contractor in cash or may be recovered by percentage deduction from the Contractor's "on account" bills. Provided also that in case of defaulting contractor the Railway may retain any amount due for payment to the Contractor on the pending "on account bills" so that the amounts so retained may not exceed 10% of the total value of the contract.</b></p> <p>(2) Unless otherwise specified in the special conditions, if any, the Security Deposit/rate of recovery/mode of recovery shall be as under:-</p> <p>(a) <b>Security Deposit for each work should be 5% of the contract value,</b>  (b) <b>The rate of recovery should be at the rate of 10% of the bill amount till the full security deposit is recovered,</b>  (c) <b>Security Deposits 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.</b></p> <p><b>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 work) 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</b></p>



		<p><b>unconditional and unequivocal no claim certificate from the contractor concerned should be obtained.</b></p> <p><b>(3) No interest will be payable upon the Earnest Money and Security Deposit or amounts payable to the Contractor under the Contract, but Government Securities deposited in terms of Sub Clause (1) of this clause will be payable with interest accrued thereon. <u>(No change)</u></b></p>
3.	<b>Introduction of performance guarantee (P.G)</b>	<p>The procedure for obtaining Performance Guarantee is outlined below:-</p> <p><b>(a) The successful bidder should give a Performance Guarantee in the form of an irrevocable bank guarantee amounting to 5% of the contract value,</b></p> <p><b>(b) The Performance Guarantee should be furnished by the successful contractor after the letter of acceptance has been issued, but before signing of the agreement and should be valid up to expiry of the maintenance period.</b> The agreement should normally be signed within 15 (fifteen) days after the issue of LOA and Performance Guarantee should also be submitted within this time limit.</p> <p><b>(c) Performance Guarantee shall be released after satisfactory completion of the work and maintenance period is over. The procedure for releasing should be same as for Security Deposit,</b></p> <p><b>(d) Wherever the contracts are rescinded, the security deposit should be forfeited and the Performance Guarantee shall be encashed and the balance work should be got done separately,</b></p> <p><b>(e) The balance work shall be got done independently without risk and cost of the original contractor,</b></p> <p><b>(f) The original contractor shall be debarred from participating in the tender for executing the balance work. If the failed contractor is a JV or a partnership firm, then every member/partner of such a firm would be debarred from participating in the tender for the balance work either in his/her individual capacity or as a partner of any other JV/ partnership firm.</b></p>
4.	<b>Mobilization Advance</b>	<b>Nil(No change)</b>
5.	<b>Equipment/ Machinery Advance</b>	<b>Nil(No change)</b>
6.	<b>Price Adjustment</b>	The Price Variation Clause is under examination and necessary instructions shall be issued later.
7.	<b>Fixing Milestones</b>	<b>The concerned executive in-charge of the work may fix appropriate milestones and monitor.</b>
8.	<b>Incentive for early completion and compensation due to delay.</b>	<b>Not accepted.</b>
9.	<b>(a) Rescinding of contract – Risk &amp; Cost</b>	<p>Determination of contract owing to default of contractor – (1) if the Contractor should .....</p> <p><b>(i) Becomes bankrupt or insolvent, or</b></p>



	<p><b>Clause</b></p>	<p>(ii) Make an arrangement with of assignment in favour of his creditors, or agree to carry out the contract under a Committee of Inspection of his creditors, or</p> <p>(iii) Being a Company or Corporation, go into liquidation (other than a voluntary liquidation for the purpose of amalgamation or reconstruction), or</p> <p>(iv) Have an execution levied on his goods or property on the works, or</p> <p>(v) Assign the contract or any part thereof otherwise than as provided in Clause 7 of these conditions or</p> <p>(vi) Abandon the contract, or</p> <p>(vii) Persistently disregard the instructions of the Engineer, or contravene any provision of the contract, or</p> <p>(viii) Fail to adhere to the agreed programme of work by a margin of 10% of the stipulated period, or</p> <p>(ix) Fail to remove materials from the site or to pull down and replace work after receiving from the Engineer notice to the effect that the said materials or works have been condemned or rejected under Clause 25 and 27 of these conditions, or</p> <p>(x) Fail to take steps to employ competent or additional staff and labour as required under Clause 26 of the conditions, or</p> <p>(xi) Fail to afford the Engineer or Engineer's representative proper facilities for inspecting the works or any part thereof as required under Clause (28) of the conditions, or</p> <p>(xii) Promise, offer or give any bribe, commission, gift or advantage either himself or through his partner, agent or servant to any officer or employee of the Railway or to any person on his or on their behalf in relation to the execution of this or any other contract with this Railway.</p> <p>(xiii) (A) At any time after the tender relating to the contract has been signed and submitted by the contractor, being a partnership firm admit as one of its partners or employ under it or being an incorporated company elect or nominate or allow to act as one of its directors or employ under it in any capacity whatsoever any retired engineer of the gazetted rank or any other retired gazetted officer working before his retirement, whether in the executive or administrative capacity, or whether holding any pensionable post or not, in the Engineering Department of the Railways for the time being owned and administered by the President of India before the expiry of two years from the date of retirement from the said service of such Engineer or Officer unless such Engineer or Officer has obtained permission from the President of India or any officer duly authorized by him in this behalf to become a partner or a director or to take employment under the contractor, as the case may be, or</p> <p>(B) Fail to give at the time of submitting the said tender:-</p> <p>(a) The correct information as to the date of retirement of such retired engineer or retired officer from the said service, or as to whether any such retired engineer or retired officer was under the employment of the contractor at the time of submitting the said tender, or</p> <p>(b) The correct information as to such engineers or officers obtaining permission to take employment under the contractor, or</p> <p>(c) Being a partnership firm, the correct information as to, whether any of its partners was such a retired engineer or a retired officer, or</p> <p>(d) Being an incorporated company, correct information as to whether any of its directors was such a retired engineer or a retired officer, or</p> <p>(e) Being such a retired engineer or retired officer suppress and not disclose at the time of submitting the said tender the fact of his being such a retired engineer or a retired officer or make at the time of submitting the said tender a wrong statement in relation to his obtaining permission to make the contract or if the contractor be a partnership firm or an incorporated company to be a partner or director of such firm or company as the case may be or to seek employment under the contractor, and after expiry of 48 hours notice, a final termination</p>
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		<p>notice (Performa as Annexure –V) should be issued.</p> <p>Then and in any of the said clause, <b>the Engineer on behalf of the Railway may serve the Contractor with a notice (Proforma at Annexure III) in writing to that effect and if the Contractor does not within seven days</b> after the delivery to him of such notice proceed to make good his default in so far as the same is capable of being made good and carry on the work or comply with such directions as aforesaid to the entire satisfaction of the Engineer, <b>the Railway shall be entitled after giving 48 hours notice (Proforma at Annexure IV) in writing under the hand of the Engineer to rescind the contract as a whole or in part or parts (as may be specified in such notice) and adopt either or both of the following courses:-</b></p> <p>(2) Right of Railway after rescission of contract owing to default of Contractor – In the event of any or several of the courses, referred to in sub-clause (1) of this clause, being adopted:-</p> <p>(a) <b>The Contractor shall have no claim to compensation for any loss sustained by him by reason of his having purchased or procured any materials or entered into any commitments or made any advances on account of or with a view to the execution of the works or the performance of the contract and Contractor shall not be entitled to recover or be paid any sum for any work there to for actually performed under the contract unless and until the Engineer shall have certified the performance of such work and the value payable in respect thereof and the Contractor shall only be entitled to be paid the value so certified.</b></p> <p>(b) <b>The Engineer or the Engineer’s Representative shall be entitled to take possession of any materials, tools, implements, machinery and buildings on the works or on the property on which these are being or out to have been executed, and to retain and employ the same in the further execution of the works of any part thereof until the completion of the works without the Contractor being entitled to any compensation for the use and employment thereof or for wear and tear or destruction thereof,</b></p> <p>(c) The Engineer shall as soon as may be practicable after removal of the Contractor fix and determined ex-parte or by or after reference to the parties or after such investigation or enquiries as he may consider fit to make or institute and shall certify what amount (if any) had at the time of rescission of the contract been reasonably earned by or would reasonably accrue to the contractor in respect of the work then actually done by him under the contract and what was the value of any unused, or partially used materials, any constructional plant and any temporary works upon the site.</p> <p><b>The legitimate amount due to the contractor after making necessary deductions and certified by the Engineer should be released expeditiously.</b></p> <p><b>(d) deleted.</b></p>
10	<b>Clause 51(3)</b>	Deleted, since it is already covered under the revised security deposit clause 16(1)

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## **ANNEXURE- A 4-5**

**RB/CE-I/3/2006**

**GOVERNMENT OF INDIA**



MINISTRY OF RAILWAY  
(RAILWAY BOARD)

No.2003/CE-I/CT/4/PT.I

New Delhi, dated 30.05.2006.

To

As per list attached

**CORRIGENDUM**

**Subject:- Amendment of General Conditions of contract (Works contract).**

Reference:- Board's letter of even number dated 12/16.5.2006 (Policy letter No.RB/CE-I/2/2006.

In the AMENDMENT TO GENERAL CONDITIONS OF CONTRACT (WORKS CONTRACT) circulated vide letter under reference, **S.No.1 clause 5/2(b) at page 3 retaining to Standing or Permanent Earnest Money stands DELETED.** In the revised column against clause 2(b), "the phrase Standing or Permanent stands DELETED" is substituted by the word DELETED.

2. The modification has the approval of Finance Directorate.
3. The modifications is also available on Indian Railways website ([www.indianrailway.gov.in](http://www.indianrailway.gov.in)).

Sd/-  
(N.K.SINHA)  
EDCE(G)

Copy to:-

Sr.PPS/CRB/ME, FC, MT, MM, ML, MS for their kind information.  
PPS/PS to all AMs and Advisers for their kind information.  
PSs/Pas to all Advisers, for their kind information.

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**ANNEXURE- A 4-6**

**Policy letter No.RB/CE-I/7/2006**

GOVERNMENT OF INDIA  
MINISTRY OF RAILWAY  
(RAILWAY BOARD)

No.2003/CE-I/CT/4/Pt.I

New Delhi, dated 07.12.2006.

(As per list attached)





**Subject:- Amendment of General Conditions of contract (Works contract).**

Reference:- Board's letter No.2003/CEI/CT/4/Pt.I dated 12/16.5.2006.

After the recent revision of the EMD Clause of GCC vide letter referred above, some of the Zonal Railways have represented that the EMD payable for high value contracts @ 2% of value of work as per the new proviso is likely to reduce the competition. The matter has, therefore, been examined and Board have now decided to partially modify the provisions of GCC relating to Earnest money (Regulation for tenders and contractors – Clause 5) as under:-

**EARNEST MONEY**

	<b>Value of the work</b>	<b>EMD</b>
a	<b>For works estimated to cost up to Rs. 25 crore.</b>	<b>2% of the estimated cost.</b>
b	<b>For works estimated to cost more than Rs. 25 crore.</b>	<b>Rs. 50 lakhs plus 1% of the excess of the estimated cost beyond Rs. 25 crore.</b>

There will be no change in the other terms and conditions.

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

Please acknowledge receipt.

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

**Copy to:-**

**Sr.PPS/CRB/ME, FC, MT, MM, ML, MS for their kind information.**  
**PPS/PS to all AMs and Advisers for their kind information.**

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**ANNEXURE- A 4-7**

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

**No. 2003/CE.I/CT/4Pt.I**

**New Delhi. Dated 23.5.07**

(As per list attached)

**Sub:- Amendment to General Conditions of Contract:-**  
**(Works contract)**

Ref:- Board's letter No.2003/CE-I CT/4/Pt.I dated 12/16.5.06



Instructions issued vide Para 3(a) of Board's letter referred to above regarding Performance Guarantee have been reviewed and in partial modification, Board have decided as under:-

	Existing	Revised
3.(a)	The successful bidder should give a Performance Guarantee in the form of an Irrevocable bank guarantee amounting to 5% of the contract value.	The successful bidder may give Performance Guarantee. amounting to 5% of the contract value in any of the following forms:- (i) A deposit of Cash. (ii) Irrevocable Bank Guarantee. (iii) Government Securities including State Loan Bonds at 5 percent below the market value. (iv) Deposit Receipts, Pay orders, Demand Drafts and Guarantee Bonds. These forms of Performance Guarantee could be either of the State Bank of India or of any of the Nationalized Banks. (v) Guarantee Bond executed or Deposits Receipts tendered by All Scheduled Banks; (vi) a Deposit in the Post Office Saving Bank; (vii) a Deposit in the National Saving Certificate. (viii) Twelve years National Defence Certificate. (ix) Ten years Defence Deposits. (x) National Defence Bonds; and (xi) Unit Trust Certificate at 5 percent below market value or at the face value whichever is less. Also FDR in favour of FA&CAO/C, (free from any encumbrance) may be accepted.

NOTE:- The instruments as listed above (in the Revised column) will also be acceptable for Guarantees in case of Mobilization advance.

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

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

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## **ANNEXURE – A- 4-8**

**GOVERNMENT OF INDIA  
Ministry of Railways  
(Railway Board)**

**No.2001/CE-I/CT/19**

**New Delhi, dated 14.09.2007.**

Addressed to,  
As per list of 'A' attached.

**Sub:- Exemption of Railway PSUs from submission of Performance Guarantee in lieu of Risk Action Procedure in single tenders.**

Attention is invited to Board's letter of even number dated 09-7-2004 wherein the Railways were advised that in works contracts no general exemption for Earnest Money and Security Deposit is to be given to the PSUs. Further, it was clarified in this letter that the PSUs owned by Ministry of Railways like RITES, IRCON, KRCL, CRIS, RAILTEL etc. are exempted from submission of EMD and Security Deposit in works contracts.

2. Recently, the General Conditions of Contract applicable to works contracts were amended vide Board's letter No.2003/CE-I/CT/4/Part I dated 12/16-5-2006 in which a system of submission of Performance Guarantee in the form of an irrevocable bank guarantee amounting to 5% of the contract value was introduced in lieu of the erstwhile Risk Action Procedure.

3. On a question whether Railway PSUs should also submit Performance Guarantee for 5% of contract value in contracts awarded to them by Railways, Board have decided that whenever the railway PSUs are awarded works contracts by Railways, on single tender basis, they may be exempted from the requirement of submitting Performance Guarantee. However, in all such cases, in order to safeguard Railway's interest in the eventuality of failure by these Railway PSUs to execute the contract, the following clause should invariably be incorporated in the contract:-

***“In the event of failure of the Railway PSU to successfully execute the contract as per terms & conditions laid down in the agreement, a penalty equivalent to 5% of the original value of contract would be levied.”***

4. If Railway PSUs are awarded contracts through competitive bidding (Open tender, Special Limited Tender etc.), the normal rule regarding submission of Performance Guarantee as applicable to other tenderers should be made applicable to these PSUs also to ensure a level playing field.



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

Please acknowledge receipt.

Sd/-  
**EDCE(G), Railway Board**

## **ANNEXURE – A- 4-9**

**GOVERNMENT OF INDIA  
Ministry of Railways  
(Railway Board)**

**No.2007/CE.I/CT/18**

**New Delhi, dated 28.9.2007.**

Addressed to,  
As per list attached.

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

Pursuant to the recommendations of EDs committee constituted by Board to give recommendation on the above subject, Board have amended certain clauses in the existing General Conditions of Contract (GCC) and provisions in the extant policy circulars relating to works contracts, as detailed below, to enable more effective and efficient contract management.

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

#### **1. Introduction of Performance Guarantee (PG):**

A clause on Performance Guarantee was introduced in GCC vide item (3) of Annexure to Board's letter No.2003/CE-1/CT/4 (Pt) dated 12/16.5.06 in lieu of risk action procedure. This clause stands modified as under:-

“The procedure for obtaining Performance Guarantee is outlined below:-

- a) The successful bidder shall submit a Performance Guarantee (PG) in the form of an irrevocable bank guarantee amounting to 5% of the contract value.
- b) A Performance Guarantee shall be submitted by the successful bidder after the letter of acceptance has been issued, but before signing of the agreement. The agreement should normally be signed within 15 days after the issued of LOA and the Performance Guarantee shall also be submitted within this time limit. This guarantee shall be initially valid up to



- the stipulated date of completion plus 60 days beyond that. In case, the time for completion of work gets extended, the contractor shall get the validity of Performance Guarantee extended to cover such extended time for completion of work plus 60 days.
- c) The Performance Guarantee (PG) shall be released after the physical completion of the work based on the 'Completion Certificate' issued by the competent authority stating that the contractor has completed the work in all respects satisfactorily. The security deposit, however, shall be released only after the expiry of the maintenance period and after passing the final bill based on 'No Claim Certificate'.
- d) Wherever the contract is rescinded, the security deposit shall be forfeited and the Performance Guarantee shall be encashed and the balance work shall be got done independently without risk and cost of the failed contractor. The failed contractor shall be debarred from participating in the tender for executing the balance work. If the failed contractor is a JV or a partnership firm, then every member/partner of such a firm shall be debarred from participating in the tender for the balance work either in his/her individual capacity or as a partner of any other JV/partnership firm.
- e) The Engineer shall not make a claim under the Performance Guarantee except for amounts to which the President of India is entitled under the contract (not withstanding and /or without prejudice to any other provisions in the contract agreement) in the event of:-
- (i) Failure by the contractor to extend the validity of the Performance Guarantee as described herein above, in which event the Engineer may claim the full amount of the Performance Guarantee.
- (ii) Failure by the contractor to pay President of India any amount due, either as agreed by the contractor or determined under any of the Clauses/Conditions of the agreement, within 30 days of the service of notice to this effect by Engineer.
- (iii) The contract being determined or rescinded under provision of the GCC the Performance Guarantee shall be forfeited in full and shall be absolutely at the disposal of the President of India.

## **2. Amendment to PVC clause in works contract:**

In partial modification of Board's letter No.85/W-1/CT/7-Vol.1 dated 4.4.96, the following changes are introduced regarding Price Variation Clause:-

- i) The minimum prescribed limit of one year of contract completion period for incorporating Price Variation Clause in tenders (para I (a) of above referred letter dated 4.4.96) stands deleted.



ii) Price Variation Clause (PVC) shall be applicable for tenders of value more than Rs.1 crore irrespective of the contract completion period and PVC shall not be applicable to tenders of value less than Rs.1 crore.

iii) The present stipulation that ***“Price Variation Clause will not apply if the price variation is upto 5% and that reimbursement /recovery due to variation in prices will continue to be made only for the amount in excess of 5% of the amount payable to the contractor”*** vide para 1 of above referred letter dated 4.4.96 shall continue to be enforced. However, the existing upper limit prescribed at 15% and 25% (vide para I (b) and I (c) of Board’s letter dated 4.4.96 referred above) for price variation claim stands deleted.

### 3. Earnest Money Deposit (EMD):

The rules concerning Earnest Money Deposit modified vide Board’s letters Nos.2003/CE-1/CT/4 Pt-1 dated 12/16.5.06 (item (i) of the Annexure) and letter no.2003/CE-1/CT/4 Pt-1 dated 7.12.06 are further amended as under:-

<b>Value of the work (Tender Value)</b>	<b>EMD</b>
For works estimated to cost upto Rs.1 crore	2% of the estimated cost of the work.
For works estimated to cost more than Rs.1 crore	Rs.2 lakhs plus 1/2 % (half percent) of the excess of estimated cost of work beyond Rs.1 crore subject to a maximum of Rs.1 crore.

### 4. Interest Rate for Advances extended by Railways:

The extant interest rate for advances extended by Railways to contractors fixed at 18% vide Board’s letter No.90/CE-I/CT/1 dated 21.5.97 and advance correction slip issued under Board’s letter No.F(X)II-97/PW/4 dated 5.5.98 has since been reviewed by Board and the same has now been downwardly revised as 14%.

### 5. Solvency Certificate:

In partial modification to para 2.3.4.1 of Annexure-1 of Board’s letter No.94/CEI/CT/4 dated 17.10.2002, the requirement of Revenue/Banker Solvency Certificate as one of the minimum eligibility criteria (vide item (i) of the table under para 2.3.4.1 of the above referred Board’s letter) stands deleted. However, the Tender Committee shall still examine the overall financial soundness of the tenderers based upon the volume of work handled, turn over, balance sheet etc.



## 6. Imposition of token penalty for delay in the completion of work:

The existing clause 17(B) of GCC provides for recovery of liquidated damages from the contractor for delay in completion of work. It has now been decided that the competent authority while granting extension to the currency of contract under clause 17(B) of GCC may also consider levy of token penalty as deemed fit based on the merit of the case.

## 7. Limited Tenders:

Para 2.4.4.4 and 2.4.4.5 of Annexure-1 of Board's letter No.94/CE.I/CT/4 dated 17.10.2002, while deal with monetary slabs for calling limited tenders stand modified as under:-

2.4.4.4 The existing monetary ceiling for calling limited tenders may be raised from Rs.1 crore to Rs.5 crore.

2.4.4.5 Existing four monetary slabs for calling limited tenders stand reduced to three and revised as under:-

S.No.	Monetary slab for LT	Lowest Authority competent to approve calling of LT
1	Upto Rs.25 lakhs.	JAG and SG
2	More than Rs.25 lakhs and upto Rs.1 crore.	SAG/DRM
3	More than Rs.1 crore and upto Rs.5 crore.	PHOD/CHOD

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

## 8. Special Limited Tender (SLT):

In partial modification to item (i) of para 2.6.4.1 of Annexure-1 of Board's letter No.94/CE-1/CT/4 dated 17.10.2002, it has now been decided that CAO(C) with the concurrence of FA&CAO(C) may invite Special Limited Tenders not only for specialized nature of work but all types of works depending upon the merit of the case.

## 9. Variation in contract quantities:

In supersession of paras 5.3.6, 5.3.7 and 5.3.9 of Annexure-1 of Board's letter No.94/CE-1/CT/4 dated 17.10.2002, the procedure as detailed below shall be adopted for dealing with variation in quantities during execution of works contracts:-



- (i) Individual NS items in contracts shall be operated with variation of plus or minus 25% and payment would be made as per the agreement rate. For this, no finance concurrence would be required.
- (ii) In case of increase in quantity of an individual item by more than 25% of the agreement quantity is considered as unavoidable, the same shall be got executed by floating a fresh tender. If floating a fresh tender is considered not practicable, negotiations may be held with the existing contractor for arriving at reasonable rates for additional quantities in excess of 125% of agreement quantity.
- (iii) The limit for varying quantities for minor value items shall be 100% (as against 25% prescribed for other items). A minor value item for this purpose is defined as an item whose original agreement value is less than 1% of the total original agreement value.
- (iv) No such quantity variation limit shall apply for foundation items.
- (v) As far as SOR items are concerned, the limit of 25% would apply to the value of SOR schedule as a whole and not on individual SOR items. However, in case of NS items, the limit of 25% would apply on the individual items irrespective of the manner of quoting the rate (single percentage rate or individual item rate).
- (vi) For the tenders accepted at the Zonal Railways level, the variation in the quantities will be approved by the authority in whose powers all revised value of the agreement lies.
- (vii) For tenders accepted by General Manager, variations upto 125% of the original agreement value (even if the revised agreement value is beyond GM's competence to accept tenders) may be accepted by General Manager.
- (viii) For tenders accepted by Board Members and Railway Ministers, variations upto 110% of the original agreement value may be accepted by General Manager.
- (ix) The aspect of vitiation of tender with respect to variation in quantities should be checked and avoided.

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

Please acknowledge the receipt.

Sd/-  
**EDCE(G), Railway Board**





## **5.0 OPENING OF TENDERS & SCRUTINY**

### **ANNEXURE- A-5- 1**

**GOVERNMENT OF INDIA (BHARAT SARKAR)  
Ministry of Railways (Rail Mantralaya)  
(Railway Board)**

**No.90/CE-I/CT/1**

**New Delhi the 28.10.98**

**Reg: Facilitating submission of tenders.**

**In some cases it has been observed that some anti-social elements obstruct the tenderers in dropping the tenders in the tender box at nominated place. Enquiries have been made with various Railway and it has been ascertained that on Northeast Frontier Railway and in some cases even on Eastern Railway, under such circumstances a methodology has been adopted whereby tender boxes are kept at more than one place, In case a tender is to be dropped in the Division/Construction Division, the tender box is also kept at Headquarters in Open line/ Construction. The sealed tender boxes are then carried under escort at the location where tender opening is scheduled. This arrangement involves delay of one day in the tender opening and submission of tender. But this has not posed any problem on these Railways. Therefore, it is recommended that this practice may be adopted wherever such problems are being faced on your Railway.**

This has the approval of Board (M.E)

**Sd/-  
( V.K.Bahmani)  
Executive Director, Civil Engg.(G)  
Railway Board**

Copy for information to:-

- 1) The General Manager, all Indian Railways except N.E.Railway.
- 2) AM(Vig)/Railway Board.

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### **ANNEXURE- A-5- 2**

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

**No.90/CE-I/CT/1**

**New Delhi, the 27.1.99.**

Addressed to:

As per list attached.



**Sub:- Procedure for inviting tenders and awarding Works Contracts.**

In partial modification to Board's letter no.94/CE-I/CT/4 dated 17/9/97, Para No.6 regarding holding of negotiations may be deleted and amended as under:-

**“Para 6”**

**Negotiations shall never be held except with the lowest tenderer i.e. L-1. In this connection, Central Vigilance Commission's instructions circulated vide their letter no.8(1)(4)98(1) DATED 18.11.98, which were accepted for implementation by full Board and communicated vide Engineering Standing Order No.9 issued on 15.1.99, should be followed.”**

Sd/-

( V.K. BAHMANI)

Executive Director Civil Engg.(G)  
Railway Board

\*\*\*\*\*

**ANNEXURE- A-5- 3**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

**No. 2000/CE-II/PRA/12**

**Dated 18-11-2003.**

The Principal Chief Engineers,  
All Zonal Railways  
The C.A.O.(Construction)  
All Zonal Railways.  
The General Manager(Con.)  
N.F.Railway,  
Maligaon,Guwahati.

**Sub: Unusual occurrence at work sites.**

Ref: i. This Office letter of even number dated.14.05.2002.  
AM(CE)'s D.O.letter of even number dated.24.06.2002.  
This Office letter of even number dated.23.09.02.

1.0. In reference to above, **certain instructions have been issued by the Board for ensuring safety at work sites and for training of Supervisor of the Contractor who work in close proximity to track. It may please be ensured that these instructions are being complied with.**

2.0. Further to above, It has been decided that **while framing tender schedule, the safety precautions to be taken e.g.suitable barricading to forewarn the road vehicle driver, its type, level of contractors supervisors who will necessarily be present if work is being done in vicinity of track etc., should be specifically provided as an item in tender schedule and paid for as the work progresses, rather than mentioning**



**the same in a general way in the General Conditions or special conditions. The luminous tape, strung on bamboo poles can be considered for such barricading.**

3.0. Railways attention is also drawn to Board's letter No.98/CE-I/CT/15 dated.13.08.98, wherein certain clauses to be incorporated in the special conditions of contracts, both by Construction and Open Line, were advised. It may be ensured that these are being complied with.

4.0 Railway's attention is also drawn to following paras of the General Conditions of Contract (G.C.C.).

Para 15: Indemnity by contractors.

Para 24: Damage to Railway property or private life and property.

Para 34 (4): Safety of public.

Special attention of the contractor should be drawn to these provisions while preparing tenders/contracts.

5.0. It may be ensured that all possible steps are being taken to prevent accidents at worksites.

Sd/-  
**(Pradeep Kumar )**  
**Executive Director, Civil Engg (P)**  
**Railway Board.**

\*\*\*\*\*  
**ANNEXURE- A-5- 4**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

**No.94/CE1/CT/4**

**New Delhi dated 7.7.2004.**

Addressed to:

As per list attached.

**Reg: Appointment of works contractors (Finalization of Tenders) Corrections to Annexure-I of Board's letter of even number Dated 11.6.2003.**

The matter has been re-examined in reference to CE/Con/WR's letter No.WNC 623/7 dated 29.9.03/9.10.2003 and Board (ME,FC) have approved the following corrections to the Annexure-I of Board's letter of even number dated 11.6.2003.



**‘D1’ category of the contractors should be deleted** as it is already covered in Board’s policy issued on the subject vide letter of even number dated 17.10.2002.

Para 3 – Words CAO(C)/East Central Railway should be replaced by Chief Administrative Officer (Construction).

**The validity of registration of the contractors has now been extended upto 31.3.05.**  
Hence, date appearing as 31.3.04 in para 5(V) & 5(VIII) & 5 (XII), should be read as 31.3.05.

**List finalized before 31.3.04 would also be valid upto 31.3.05.**

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

Sd/-  
**(PARMOD KUMAR)**  
Exec.Director. Civil Engg.(G)  
Railway Board

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**ANNEXURE- A-5- 5**

Copy of letter No.99/RS(G)/779/2 dated 23.9.04 received from P.S.Meena, Dy.Director, Railway Stores(G), Railway Board, New Delhi to the General Manager, N.Rly. & others.

**Sub: Receipt and opening of Tenders.**

A copy of Central Vigilance Commission’s Office Order No. 05-04-1-CTE-8 dated 8.6.04 on the above mentioned subject is enclosed for information and necessary action.

DA/As above.

**NO.05-04-1-CTE-8**

**Government of India  
Central Vigilance Commission  
(Organization)**

**Satarkta Bhawan,  
INA Colony,  
New Delhi-110023  
Dated: 8.6.2004**

**OFF. ORDER NO. 41/06/04**

**OFFICE MEMORANDUM**



### **Sub: Receipt and Opening of tenders**

In the various booklets issued by the CTE Organization of the Commission, **the need to maintain transparency in receipt and opening of the tenders has been emphasized** and it has been suggested therein that suitable arrangements for receipt of sealed tenders at the scheduled date and time through conspicuously located tender boxes need to be ensured.

A case has come to the notice of the Commission, where due to the bulky size of tender documents the bid conditions envisaged submission of tenders by hand to a designated officer. However, it seems that one of the bidders while trying to locate the exact place of submission of tenders, got delayed by few minutes and the tender was not accepted leading to a complaint.

In general, **the receipt of tenders should be through tender boxes as suggested in our booklets. However, in case where the tenders are required to be submitted by hand, it may be ensured that the names and designation of at least two officers are mentioned in the bid documents. The information about these officers should also be displayed at the entrance reception of the premises where tenders are to be deposited so as to ensure convenient approach for the bidders. The tenders after receipt should be opened on the stipulated date and time in presence of the intending bidders.**

Sd/  
(Gyaneshwar Tyagi)  
Technical Examiner

Copy to: All CVOs:Minisers Departments PSUs Banks UTS

Sd/  
(Gyaneshwar Tyagi)  
Tehcnical Examiner

\*\*\*\*\*

## **ANNEXURE- A-5- 6**

**Government of India  
Ministry of Railway  
Railway Board**

**No.99/RS(G)/779/2**

**New Delhi dt.7.12.2004**

The General Managers,  
All Indian Railways & PUs.  
Metro Railway, Kolkata.



Rly. Electrification, Allahabad.  
The General Manager(Const),N.F.Railway, Guwahati.  
CAO/Diesel Loco Modernisation Works, Patiala.  
CAO,COFMOW,Rly.Offices Complex, Tilak Bridge,New Delhi.  
CAO/MTP, Mumbai, Chennai,Kolkata & Delhi.  
The Managing Director, Mumbai Rail Vikas Corporation,  
2<sup>nd</sup> Floor, Churchgate Station building, Mumbai – 400020.  
The Managing Director, Konkan Railway Corpn.Ltd, Raigad Bhawan, 8<sup>th</sup> Floor,  
Sector – 11, CBD, Belapur, Navi Mumbai – 400 614.  
The Director General, RDSO, Lucknow.

**Sub:- Procedure for Tender Opening**

Instances of not complying with the stipulated guidelines while opening the Tenders by the Railways have come to the notice of Railway Board. In one such case, it has been found that in one of the Railway organization while opening tenders, a correction in the basic price with white fluid was neither initialled nor correction recorded by the tender opening officials at the time of tender opening.

As per the instruction contained in sub para V of Board's letter No.78/RS(G)/779/5 dated 30.3.78 **all corrections in the quotations should be noted recorded and initialed by the tender opening clerk, stores and accounts representatives. The number of correction should be noted in the tender at the bottom.**

Strict compliance of the above instructions may please be ensured so that such lapses are not repeated in the future. A copy of Board's letter No.78/RS(G)/779/5 dated 30.3.78 is enclosed for ready reference.

Sd/-  
( P.S.Meena)  
Dy.Director, Rly.Stores(G)  
Railway Board

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## **6.0 Formation of Tender Committee**

### **ANNEXURE-A 6-1**

**Copy of Railway Board's letter No.87/WI/CT/65 dated.13.01.1988.**

**Sub: Rates for items of work.**

\*\*\*\*

1. In para 12 of C & AG Report of 1985-86 (Railways), it has been brought out that on Central Railway, in a contract for earth work and bridges for a new lines project, **a new item for dewatering, 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 rates for the same item on the 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 recommendations was not based on any logical reasoning.
3. In the tenders for earthwork, 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 rates 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 desires that **the practice of calling itemwise rates to be quoted by 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 the 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 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.

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

\*\*\*\*\*  
**ANNEXURE-A 6-2**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARDS)**



No.83/CE.I/CT/76.

New Delhi.dt.23.12.88.

**Sub: Constitution of Tender Committee and acceptance of Tender.**

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

\*\*\*\*

In para (4) of Board's letter referred to above, it was interualia 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, **Boards 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 immediately effect.**

The receipt of this letter may please be acknowledged.

DA/Nil.

Sd/-  
(Arimardan Singh )  
Director, Civil Engineering/G  
Railway Board.

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## **7.0 Consideration of Tender**

### **ANNEXURE - A 7-1**

Copy of Railway Board's letter No.60/777/RS(G) dated 13<sup>th</sup> February 60, addressed to GM's, All Indian Railway etc.

**Sub:- Finalization of tenders within the period of validity of the offers.**

A case has come to the notice wherein a contract could not be concluded within the period for which the tender's offer was open for acceptance. In the result, the contract had to be finalised at a higher price, as the tenderer when extending the period of validity of his offer enhanced his quotation.

**It is very essential that contracts are placed with the period of validity of the offers. Extension of the validity period should be asked for from the Tenderers only when it is considered that for inescapable reasons the contract can not be finalised within**





**the validity period and extension should be asked for well ahead of the expiry of the subsisting offers. In the case of tenders issued by the Board or for which the Board's approval is required but in respect of which the detailed examination is done by the Railway Administration, the Board should be addressed sufficiently in advance.**

In respect of tenders issued by the Railways, Projects or Production Units, the approval of the authority 'next above' should be obtained by the officer in whose powers, the purchase lies. In respect of cases falling within the powers of the General Manager of the Railway, the personal approval of the Controller of Stores should be obtained.

**To ensure that every effort is made to place contract within the period of validity offer, the date of expiry of the offer should be indicated prominently at every stage in all notings on the purchase file. The last sentence of purchase proposal for instance should always be in (in capital) "OFFERS EXPIRE ON \_\_\_\_\_" and there should be on immediate priority slip where necessary indication "OFFERS EXPIRE ON \_\_\_\_\_" when purchase files have to be sent to other branches such as Finance, Law Technical Departments etc, the date of expiry of the offers should also be brought out or stamped prominently at the end of notings and letters, so that they are not lost sight of.**

In certain cases, it may happen that tenders when extending the validity of their offers at the request of the purchaser, quality the extension by price increase or other stipulation regarding delayed delivery or completion etc. **Such qualified extensions should also be highlighted along with the date of expiry of the offers in all notings on the purchase file, so that action on the file is processed at every stage by all concerned with due regard to the urgency called for.**

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## **ANNEXURE- A 7-2**

**Copy of Railway Board's letter No.65/WII/CT/24 dated 31<sup>st</sup> October, 1965 addressed to the General Managers, All Indian Railways etc.**

**Sub:- Negotiations with Tenderers – Acceptance of original offers in cases where revised quotations are higher.**

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1. The Board have had under consideration certain aspects of cases when the rates submitted by the Tenderers are considered higher or conditions stipulated by them are considered unacceptable and it is decided to negotiate with the tenderers. In such cases, there is the possibility that 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 your certain conditions of your tender. You are, therefore, requested to 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 Conditions of Contracts, as a positive action has to be taken in each individual cases.

3. The Ministry of Law has 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

\_\_\_\_\_Railway

Sir,

Tender for -----



2. On further discussion with your representative on ----- in respond to your letter no. ----- dt. ----- I/We am/are not prepared to reduce the rates already quoted in the original tender which remains valid up to -----.

OR

I/We am/are reduce my/our rates as shown in the enclosed schedule of items.

3. I/We am/are aware that the instructions to Tenderers, special and general conditions of contract & appendices to the original tender remain valid and binding on me/us.

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

5. I/We agree to abide by the tender on revised rate quoted by me/us. It is open for acceptance for a period of 60/120 days from date, i.e. up to ----- & in default of my/our doing so I/We forfeit the earnest money deposited with the Chief Cashier ----- --- Railway ----- 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 for future.

Yours faithfully

(-----)

Signature of Tenderer(s)

Date \_\_\_\_\_

DA/ Schedule A,B,C

Sig. of witness to the sign.  
of Tenderer(s)

1.-----

2.-----

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### **ANNEXURE - A 7-3**

**Copy of letter No.66/B(c)-PAC/III/53(10) dated 7<sup>th</sup> December, 1966 from Director Accounts, Railway Board, New Delhi addressed to General Manager, All Indian Railways.**

**Sub:- Delay in finalisation of tenders.**

1. Recently a case of delay in finalization of tenders for the construction of quarters of a Railway was reported in the Railway Audit Report and subsequently commented upon adversely by the Public Accounts Committee. The delay was explained by the Railway Administration as due to the following reasons:



- a) At the initial stage between June, 1962 and September, 1962 the Tender Committee was trying to negotiate with the lowest tenderer to reduce his rates as the tendered rates exceeded the then ceiling cost of Type I quarters. Subsequently in early October, 1962 the Tender Committee on reconsideration decided to recommend the lowest tenderer as in the meanwhile the building cost index had been revised upwards. But its Final acceptance by the Competent Authority was delayed until November, owing to various circumstances including the intervention of the emergency. Meanwhile the lowest tenderer had withdrawn his offer.
- b) Later when the lowest tenderer evinced renewed interest for executing the work and suggested additional payment the Railway took another three months to accept the new rates by which time the tenderer had again withdrawn his offer.
- c) When ultimately the Railway, finding no alternative, resorted to fresh open tenders they had accepted an offer in October 1963, nearly sixteen months after the initial tender was opened, at a rate of higher than that initially received.

Though there were certain extenuating factors to account for the abnormal delay, the Public Accounts Committee have observed that if the matter had been dealt with, with a greater sense of urgency, the delays could have been avoided or at least minimized and urged that **“while observing all procedural requirement, the processing and consideration of tenders should be streamlined in such a systematic manner (particularly in respect of timely revision of building cost indices and not holding up decisions till return of officers from long tours or leave) that no undue delay occurs at any stage.”** The board while commenting the Committee’s observations would draw attention to their letter No.65-B(C)-PAC III/32 (29-30) dated 2<sup>nd</sup> June, 1965 and suggest that instructions contained therein should be strictly followed.

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### **ANNEXURE- A 7-4**

**Copy of Railway Board’s letter no. 68/WI/CT/15 dated 15<sup>th</sup> July 1968 from Jt. Director (Civil Engineering), addressed to General Managers, All Indian Railways and others.**

#### **Sub:Tender- Rejection of lowest offer.**

An instance has come to the notice of the Board where a Tender Committee rejected the lowest quotation on the recorded ground that the contractor did not submit either the credentials or the income tax clearance certificate. On further examination it was found that the actual reason for the rejection of this tender was that the Tender Committee did not consider the lowest tender suitable for the award of this contract and the contract was correctly awarded to the next higher tenderer, whom the Tender Committee considered suitable.



The Board desire that suitable instructions should be issued so that in future the **Tender Committee should give reasons in greater details while rejecting the lowest tenderer, for proper appraisal of the case later, if necessary.**

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### **ANNEXURE – A 7-5**

**Copy of letter No.63/747/29/Track dated 5<sup>th</sup> July, 1968, from D.C.E., Railway Board, addressed to GMs, All Indian Railways.**

**Sub: Incorrect assessment of time for transport, 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 realized. This led the Audit to question the wisdom of the Tender Committee in **accepting a higher rate when the original time schedule for opening of 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 utilization of the benefit should be worked out and adhered to.

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### **ANNEXURE- A 7-6**

**Copy of letter no. 69/W1/CT/38, dated 18<sup>th</sup> Sept. 1969 from the Jt. Director (Civil Engineering), Railway Board, New Delhi Addressed to The General Managers, All Indian Railways and others.**

**Sub:-Acceptance of Tenders unaccompanied by a valid Income Tax Clearance certificate.**

The question of acceptance of tenders unaccompanied by valid Income Tax clearance certificate submitted by contractors borne to the approved list of contractors on Railways, has been under consideration on the Board.

It has now been decided by the Board that the **Tender Committee may use their discretion for considering tenders without the valid Income Tax clearance certificate, subject to the condition that in the event of such a tender being accepted, no payment shall be made to the contractor for the work carried out or the material**



supplied under the contract, nor shall be contractor who a claims for any such payment until and unless a valid Income Tax Clearance certificate is produced. In such cases, it should be ensured that this aspect is clearly brought out in the letter of acceptance and the agreement.

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## **ANNEXURE- A 7-7**

**Copy of Railway Board's letter No.72/WI/CT/42 dated 17/11/72 addressed to the General Managers, All Indian Railways etc.**

**Sub:- Scrutiny and evaluation of tenders by the Tender Committee.**

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A case has come to the Board's notice in which the Tender Committee constituted by the Zonal Railway considered and evaluated the tenders 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 & administration had to defend its stand before the arbitration. This situation would not have arisen, had the Tender Committee scrutinized the individual rates carefully at the time of recommending the tenders.

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 invited to Board's circular letters No.61-B-(C)-N/27 dated 01/03/62 and No.63-TG-II/6 dated 13/09/63 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 1/1/102 dated 19/03/71.

It also come 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 letter No.61/W5/LCT/41 dated 23/10/61 and 21/12/61 and recommendation No.19 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 1/1/102 dated 19/03/71, 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 work 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.**



Receipt of this letter may please be acknowledged.

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### **ANNEXURE- A 7-8**

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

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

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The question of imposing restrictions of 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 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 tenderers.**

**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.

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### **ANNEXURE- A 7-9**

**Copy of letter No.75 W1/CT/13, dated 28<sup>th</sup> May/6<sup>th</sup> June 1975 from Addl.Director,Civil Engg. Rly. Board, New Delhi to GMs, all Indian Railways.**

**Sub:- Income Tax clearance certificate—Issue of non-award of contracts on levy of penalty/conviction for concealment of income/wealth.**



Ref:-Board's letter No.69/W1/CT/38, dated 18<sup>th</sup> September 1969 and 27<sup>th</sup> November, 1970.

The Direct Taxes Enquiry Committee in paragraph 2.224 of their final report had recommended that Government patronage should be denied to contractors who are recorded to have evaded taxes and that they should be denied opportunity to earn profit from the Government contracts. The Committee also recommended that contractors, who have been penalized/convicted from concealment of income/wealth, should not be awarded Government contracts for a period of three years.

The Ministry of Finance (Department of Revenue and Insurance) New Delhi, have communicated the decision taken by the Government with a modification that **only those concealment penalties which have been upheld in first appeal, should render the contractor in eligible for Government contracts for three years.** In accordance with the decision of the Government a Circular No.162 has been issued to all Commissioners of Income Tax On 24<sup>th</sup> March 1975 by the Ministry of Finance. Central Board of Direct Taxes, New Delhi, under their letter No. F. No.221/21/73-IT (A-II) laying down the guidelines for regulating the issue of Income-tax clearance certificate, to Government contractors on levy of penalty for concealment and/or conviction for the same offence. A copy of the above said circulation is forwarded.

The Board desire that it should be ensured that the restrictions imposed for grant of Government contracts are kept in view while dealing with Railway contracts.

Receipt of this letter may please be acknowledged.

**The copy of Circular NO.162, dated 24 March 1975, (File No.221/21/73-IT-All) from the Ministry of Finance, Central Board of Direct Taxes addressed to all Commissioners of Income Tax and copies to others.**

**Income Tax clearance certificate to contractors issue of Denial on levy of Penalty for concealment conviction Instructions regarding.**

Directs taxes Enquiry Committee in para 2.224 of their final report recommended that Government patronage should be denied to contractor who are found to have evaded taxes and that they should be denied opportunity to earn profit from the Government contracts. The recommendation of the committee are reproduced here under

“2.224. We have elsewhere recommended that Government patronage should be denied to tax evaders. In conformity with that recommendation, we consider it would be necessary to ensure that contractors who are found to have evaded taxes are denied the opportunity to earn profit from Government contracts. We therefore, recommend that **Contractors who have been penalized or convicted for concealment of income wealth should not be awarded Government contracts for a period of three years. For this purpose, the form of tax clearance certificate applicable to contractors may be suitably amended to include information whether the contractor was penalized**





**or convicted for concealment of income/wealth during the immediately preceding three years.**

2. The recommendation has been accepted by the Govt. in accordance with this decision; the following guidelines are laid down, for the denial of income tax clearances certificates to contractors on levy of penalty for concealment and/or conviction for the said offence.
  - (i) Income tax clearance certificate will not be granted to contractors in whose case on or after 1.4.1975.
    - a) A penalty is levied under section 27(i)C of the Income Tax Act, 1961, or Section 18(i) (C) of the Wealth Tax Act 1957, or
    - b) When a conviction is ordered by a Court for an offence under section 277 of the Income Tax Act, 1961 or section 36(2) of the Wealth Tax Act 1957; or
    - c) Where a conviction is ordered by a court for an offence under section 199 or section 200 of the Indian Penal Code.
  - ii) Where no appeal is filed by a contractor against the imposition of penalty under the Income Tax Act, 1961 or the Wealth Tax Act, 1957, referred to above, prohibition against the grant of an Income Tax Clearance Certificate will operate for a period of three years from the date of such orders. In cases where the penalty is disputed in appeal by the Contractor, the prohibition will operate for a period of three years from the date on which the penalty order is partially or wholly upheld by the Income Tax Appellate Tribunal.
  - iii) In cases, where a person is convicted for an offence, referred to above the prohibition shall operate for a period of three years from the date of the order of conviction by the original court irrespective of the fact whether any appeal has been filed or not.

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### **ANNEXURE- A 7-10**

**Copy of Railway Board's letter No. 74.AC.III/30/6 dated 11.3.77 addressed to General Managers. All Indian Railways and copy to the FA & CAO's All Indian Railways and others.**

#### **Sub: Tender Committee Proceedings.**

1. One of the Railways had sought Board's decision on the following points:
  1. Since the decisions with regard to tenders involve financial consideration, is the accepting authority competent to decide the tender against the advice of the Finance Member without consulting the higher Finance office and :
  2. Can such a decision involving financial commitments and payment be admitted in the internal check by the internal check authority?



2. The Board have considered the matter and have decided as under :
1. **As the tender accepting authority has to take final decision on the Tender Committee's recommendations after considering the viewpoints of all members of the committee including the Finance Member. The accepting authority should invariably record his reasons in writing for not accepting the recommendations of any Member.**
  2. **If the Finance member as an internal check authority feels that some gross financial impropriety is involved in the award of the work, he can report the matter to FA & CAO and seek his further instructions.**
  3. Kindly acknowledge receipt of this letter.

(This dispose off FA& CAO, Central Railway (Constn.)'s letter no. AC/711/Cont(x)ii dated 1.3.1974).

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

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### **ANNEXURE - A 7-11**

**Copy of Railway Board's letter No.77/W1/CT/20 dated 29.4.77 addressed to All Indian Railways (General Managers), RDSO and MTPs Delhi, Calcutta, Bombay and Madras etc.**

**Sub:- Award of contracts – conduct of negotiations for-**

Ref:- Board's letter No.67/W1/CT/32 dated 25.5.68 and No.73/W1/8/60 (CT) dated 5.12.73.

1. A case has come to the notice of the Board where a Tender Committee considered the offers received in response to an open tender for removal of coal ashes as low and accordingly recommended negotiations. The course of action was approved by the accepting authority and, as a result of negotiations, better rates became available. The highest negotiated rate received was conditional and was not recommended by the Tender Committee. Instead, the Tender Committee recommended the second highest negotiated offer for acceptance. Before these recommendations were made, the party who had offered the second highest rate gave a letter raising his offer by Rs.5000/-. The Tender Committee in their minutes of meeting mentioned about this revised offer, but did not recommended it for acceptance, on the ground that it was not received either in response to the tender or at the time of negotiations. The tender approving authority accepted the recommendations of the Tender Committee recommended & accepting authority awarded the contract to the party at the negotiated rate.



2. It is true that the Tender Committee and the accepting authority should be guided by the offers received at the time of negotiations and the offer subsequently received should not vitiate the consideration of the tender. In this case, however, whether the subsequent increase by Rs.5000/- was taken into account or not, the party to whom the tender was being awarded should have remained the same. Even if the more advantageous revised offer received after negotiations was accepted, the consideration of the tender would not have been vitiated. There is also no directive of the Board for bidding such a course of action.

**3. The Board, therefore, observe that in this case the fundamental requirements of safeguarding Railway's financial interest have not been observed. This is being brought to the notice of the Railways for future guidance.**

4. Please acknowledge receipt.

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### **ANNEXURE – A 7-12**

**Copy of Railway Board's letter No.78/W1/CT/47 (Task Force) dated 03/03/79 addressed to General Managers, All Indian Railways and others.**

**Sub: Report of the task force on Vigilance – recommendation no. – 212.**

1. As a result of discussion held in the Parliament and an assurance given by the Minister for Railways to review the implementation of Kripalani Committee Report, on 14.6.77, a task force was set up by the Railway Minister to make comprehensive study of the subject of corruption on the Railways in the current context covering additional facts of Railway working and operation which have come up due to developments in the intervening quarter century after the Kripalani Committee made deliberation on these issues.
2. The task force has submitted its report making certain recommendations. Recommendation No.212, which has been accepted by the Board, is reproduced below **for strict compliance.**

Recommendation No.212:

“Formal guidelines to specify responsibility of staff of Drawing Office/Accounts Office vis-à-vis members of Tender Committee be laid in respect of preparation and evaluation of comparative statement/Briefing Notes for Tenders. Joint notes by **Tender Committee to bring out specifically and deviation of the procedures, special conditions influencing the decision etc.** may be prescribed so as to facilitate the approving authority to take it into consideration and become responsible for them while according approval.

(Para XII.4.6 enclosed as Annexure – A).



- 2.1 The Board while accepting this recommendation have desired that the Railway administration should issue necessary instructions in respect of the responsibility statement of preparation and checking of the comparative statement and briefing note, as such instructions have not been issued so far. The comparative statement should be prepared by the departmental office from where the tenders are invited and checked in the Accounts office. The departmental officers and the accounts officers who are associated with the opening of the tenders should check the comparative statement and sign it in token of having done so. It may be ensured that hereafter **each and every page of the comparative statement is signed by the staff preparing it and also by the officers checking the same** before it is put up to the tender committee. Regarding the brief note, the level at which it would be prepared and checked is left to the Railway's discretion. But the officials who prepare and check the briefing note should sign each page of the briefing note and their responsibilities in this respect should be clearly laid down.

The Tender Committee should go through the comparative statement, briefing note and the tender papers carefully in order to see that all special conditions quoted by the Tenderers, deviations from standard specifications and procedures etc. have been taken into account and their recommendations should bring out clearly all such aspects so as to facilitate the approving authority to take them into considerations while according his decision on the tender.

The receipt of this letter may please be acknowledged.

#### **Annexure - A**

Extracts of Para XII.4.6 of the Report of the Task Force on Vigilance.

#### **XII.6 Evaluation of Tenders:**

Though the system having a comparative statement/s briefing note from the Drawing Office/Works Accountant exists on all the Railways in some form or the other, the specific responsibility of the individuals (Head Estimators, Head Draftsmen, Works Accountants, Members of the Tender Committee, etc.) have not been clearly brought out in regard to its compilation/use. It has been noticed that these documents sometimes remain unsigned by any person and responsibility for these omissions are not clearly established in absence of which unscrupulous persons take advantage of the situation. It is considered wise that formal guidelines in this regard are issued by each railway so that **the responsibility of the Members of the Tender Committee are clearly defined** vis-à-vis the **responsibilities of the staff of Drawing Office/Accounts Office** etc. in preparation of these documents based on which necessary decisions are ultimately taken. It is also considered that the joint note put up by the Tender Committee should specifically bring out any deviations of the procedures, Special Conditions influencing



the decision etc. so that the approving authority takes cognizance of the same and becomes responsible for them while according approval.

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### **ANNEXURE – A 7-13**

**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.**

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### **ANNEXURE – A 7-14**

**Copy of letter No.71/RS(G)/777 dated 19.04.84 addressed to General Managers, All Indian Railways etc.**

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

1. In terms of Ministry of Railway’s letter of even number dated 01.08.81 delayed/post tender offers have to be totally rejected.
2. Instances have come to the notice of the Board where on a strict application of the above instructions, even late tenders submitted by Public Sector firms for highly specialized equipments have been rejected.
3. The matter has, therefore, been reconsidered by the Board and it has decided that **where late tenders from established/reliable suppliers and conferring a substantial financial advantage is to be considered, notwithstanding the general ban, it will be open to the railways to seek the Board’s approval for the consideration of such tenders. Since, this should be a very exceptional**



situation, such cases should be recommended for consideration of the Board with the personal approval of the GM, duly concurred in by the FA & CAO.

4. **The Railways should not enter into any dialogue with the agency submitting a delayed tender without obtaining Board's prior clearance.**
5. These instructions apply uniformly to all tenders irrespective of the department floating tenders.
6. This issues with the concurrence of the finance Directorate of the Ministry of Railways.
7. Please acknowledge receipt.
8. Hindi version will follow.

S/d  
(Joginder Singh)  
Dy. Director, Railway Stores(G)  
Railway Board.

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### **ANNEXURE – A 7-15**

**Copy of Railway Board's letter No.83/WI/CT/17 dt. 30.07.84 addressed to General Managers, All Indian Railways and others.**

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

1. 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 01.08.81 (copy enclosed), **it was clarified that late tender/delayed/post tender offer 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 dt. 19.4.84 (copy enclosed) that not with standing



the general ban, late tenders received from established/reliable suppliers conferring a substantial financial advantage be considered by the Railway after obtaining Board's approval in each case.

4. Receipt of this letter may please be acknowledged.

Sd/  
( M.M.GOYAL)  
Addl.Director, Civil Engg.  
Railway Board

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### ANNEXURE- A 7-16

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

Railway Board.  
New Delhi, dated 6-11-1987

From ED/Stores, Rly. Board to All GMs

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

Tender Committee 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 convener 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 convener 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 drafted after the holding of the tender committee meeting are sent to other members for approval / signature, they, in turn, refer to 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 violation 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 of stores or execute works at much higher rates.

3. In view of the foregoing, Board desires 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 also 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.

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### **ANNEXURE- A 7-17**

**HEADQUARTERS OFFICE  
BARODA HOUSE  
NEW DELHI**

**No. 74-W/24 Pt.VII(Policy)**

**Dated: 21/31-12-87**

The Divl. Rly. Manager,  
Northern Railway,  
ALD,BKN,DLI,UMB,  
FZR,JU,LKO & MB





The Divl.Accounts Officer,  
Northern Railway,  
ALD,BKN,UMB,DLI,FZR,JU,LKO & MB

Dy.Chief Engineer(CSP),Pipalgaon,  
Subedarganj, Allahabad.

Dy.Chief Engineer(Bridge Line-I),  
M.K.Road,Tilak Bridge, New Delhi.

The FA & CAO(FX), Baroda House, New Delhi.

All Civil Engineering Officers,  
Hd.Qrs.Office, Baroda House,  
New Delhi.

**Sub: Finalization of tenders within the period of validity of the offer.**

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Attention is invited to this office circular of even no. dated 16/18.2.1983 wherein it was desired that **every effort should be made to finalize the tenders within the stipulated dates of validity. Where, however, it may not be possible to do so, reasons therefore be recorded in the tender committee's recommendations for the appreciation by the accepting authority.**

During preventive checks made by the Vigilance Department in one of the Divisions of this Railway, it was revealed that the tender committee meeting was delayed on one pretext or the other, by the members of the tender committee resulting into expiry of validity of offer of lowest tenderer and that some others. This ultimately resulted in the work being awarded at higher rates causing loss to the Railway Administration.

It is very essential that contracts are awarded within the period of validity. Therefore, while deciding the minimum validity period viz 30/60/90 days the nature and scope of the tender should be kept in view, so as to fix realistic period of validity and tenders must be finalised within the validity period so fixed. **To avoid delay in finalization of tenders the following time schedule for finalization of all tenders having validity 60 to 90 days have been laid down in consultation with FA & CAO (FX).**

1. Preparation of comparative statement and briefing note by executive staff.	10 days from the date of opening of tender
2. Vetting of comparative statement & briefing note by associate finance.	5 days from the receipt of comparative statement & briefing note in accounts section.
3. Finalisation of technical note if any required from Executive Officer.	Within 25 days from the date of opening of tender
4. Finalisation of the tenders by the tender committee.	20 days from the date of receipt of tender documents by the tender committee.



5. Acceptance of recommendation of the tender committee by the competent authority.	3 days from the date of receipt of tender committee recommendations by the accepting authority.
6. Issue of Acceptance letter.	2 days from the receipt of tender duly accepted by the competent authority.

NOTE: 1. Finalization of technical note referred to in item 3 above will apply only in case of important works involving important technical examination. In such cases validity period normally will be 90 days.

2. The above schedule is applicable to all tenders having validity period of 60-90 days. As regards tenders having validity period below 60 days the time schedule will be correspondingly reduced.

Please ensure that the **above time schedule is adhered to strictly by all concerned. Where, however, it is not possible to adhere to above schedule, reasons for delay should be recorded in the Tender Committee's recommendations itself for the appreciation of the competent authority.** The receipt of this letter may be please be acknowledged.

**Sd/-**  
**(R.R.AGARWAL)**  
**For General Manager/Engg.**

Copy forwarded for information to :

The G.M.(Vig.), Baroda House, New Delhi with reference to his confidential note no. Vig./PS/702/85/A/CS/GO dt. 7.7.87.  
The C.E. (Const.) Kashmere Gate, Delhi.  
The FA & CAO(Const.) Kashmere Gate, Delhi.

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**ANNEXURE- A 7-18**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

**(XIII. No. 94/CE-I/CT/37**

**New Delhi, dated 5.5.1995**

**Reg.: Enhancement of original Tender Value.**

Investigations by Vigilance have revealed that after finalization of the tenders, especially for zonal works, massive enhancement of contract value has been made to the existing contracts. In some cases, the value of Zonal contracts has been enhanced by 300% to 600%, which is not acceptable considering that the Zonal contracts are entered into for a specific period of one year. It has also come to light that no convincing reasons were given for each enhancement at the time of making the proposal or forwarding the proposal by various officials or by Accepting Authority.

To achieve financial discipline and control of expenditure, it has been decided that **enhancement of contract value beyond 25% of the Original contract value should be resorted to scarcely. In cases where enhancement beyond 25% is unavoidable and**



has to be resorted to, reasons for doing so are to be recorded on file by officers making the proposal or officers forwarding the proposal with Finance concurrence and accepted by competent authority as specified in the Annexure-I.

It has been decided that the procedure, as brought out in Annexure-I of this letter should be followed for introducing any new items or while approving variation of quantities.

This should be incorporated in the Schedule of Powers issued by the Railways.

This has the Concurrence of Finance directorate of the Ministry of railways.

Receipt of this letter may please be acknowledged.

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

Introduction of any new scheduled/non-scheduled items irrespective of the value shall be included in addendum with finance concurrence. However, if new item has been sanctioned with finance concurrence, addenda may be issued without finance concurrence.

While executing the corrigenda or addenda it should also be seen that after inclusion of the variation, the revised face value of the agreement does not exceed the powers of the tender accepting authority which accepted the original tender otherwise the case should be put upto the next higher authority. In case of contracts awarded by General Manager and railway Board, CE(C) can approve the variations upto 25% of accepted tender value or Rs. 25 Lakhs, whichever is less.

While preparing the agreement/corrigenda/addenda incorporating the increased quantities the same should be accompanied by variation statement indicating the quantity/value in respect of different items of works as provided for in the tender documents and revised quantities/value as provided for in the contract agreement/corrigenda/addenda. The reason for variation should be indicated in detail so that the agreement/ addenda/ corrigenda may be verified and accepted in internal check.

As per extant order, it is necessary to see that the variation does not vitiate acceptance of the tender. For this purpose, it will also be necessary for the executive units to prepare statement showing the comparative cost of the work with reference to the three lowest valid Tenderers, taking into account, the varied quantities as provided for in the contract agreement.

Execution of addenda and corrigenda where quantities are increased by more than 25% of accepted tender cost.



In case where it is anticipated that initial quantities are expected to vary substantially i.e. more than 25% of the overall accepted tender cost, the following action should immediately be initiated in terms of Para-1268-E.

- i. it should be immediately examined whether it is practicable to bring into a new agency to carry out the extra quantity of work keeping in view the progress of the work on the original contract and the nature and layout of the work. If such a course is not practicable the reasons for the same may be recorded and approved by the competent authority and negotiations should be carried out with the existing contractor with a view to reduce the rates for the additional quantity of work.
- ii. If it is found that there will be no serious practical difficulty in getting the additional quantity of work done by another agency, any of the following two alternatives, as found feasible may be adopted.
  - i. Inviting the fresh tenders for the extra quantity,
  - ii. Negotiating the rates for the extra quantities not only with the existing contractors but also with all the valid Tenderers who had initially quoted for the work.

**The proposals will have to be got vetted by finance in both the cases above. Finance concurrence will however not be necessary if fresh tenders are invited for 'extra' quantity.**

In the above case where total implications in quantities and variations due to introduction of new items in a contract exceeds 25% of the total value of the tender accepted cost, approval of the following authority should be obtained before the corrigenda/addenda is issued :

- (a) In case where work is proposed to be awarded to the existing contractor after negotiating with him:

i. If original contract was approved by GM or Lower authority.	GM, provided the enhanced value of the contract lies within his competency.
ii. In other cases i.e. if original contract was approved by Railway Board or enhanced value of the contract is not within GM's competency.	Railway Board

- (b) In case the work is proposed to be awarded to an agency after negotiating with all original tenderers along with existing contractor or by inviting fresh tenders for extra quantity, necessary sanction will be accorded as per normal delegation prevailing on the Railway for the extra quantity only.



- (c) In case where decrease is involved upto 25% or above 25% of the accepted cost,
- i. The contracting authority can decrease the items upto 25% of individual item without Finance concurrence,
  - ii. For decrease in items beyond 25% of individual item or 25% of contract agreement, the contracting authority can do so after obtaining 'No Claim Certificate' form the contractor and with finance concurrence giving detailed reasons for such decrease in the quantities.
  - iii. It should be certified that the work proposed to be reduced will not be required in the same work.
  - iv. It should also be ensured that due to decreased quantities tender is not vitiated.

In case of vitiation of the tender, sanction of the competent authority as per Single tender should be obtained.

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### **ANNEXURE- A 7-19**

**Copy of letter No.95/FX/Policy/Tender Contract & Agreement dated 08.11.96 received from FA & CAO(FX) to FA & CAO/N.Rly. & others**

**Sub: Procedure with regard to single tenders/awards of contracts on Zonal Railways**

Ref: Ex.Dire(Works), Railway Board's letter No.93/WZ/PQR/SC/4/Pt. dated 27.09.96

A copy of Railway Board's letter cited above on the subject is enclosed for information and future reference.

DA/as above.

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**Copy of the Executive Director Works, Railway Board, Govt. of India, Ministry of Railway's letter No.93/WZ/PQR/SC/4/P/ dated 27.9.96 addressed to HODs of All Indian Railways.**

**Sub: Procedure with regard to single tenders/awards of contracts on Zonal Railways**

1. The Chairman, Rajya Sabha Committee on Government Assurance while taking oral evidence of Board (CRB and ME) in connection with the system of award of contracts on one of the Zonal Railways had adversely commented upon the high incidence of Single Tenders particularly on that Railway. The Committee had desired this Ministry to order an enquiry into the incidence of single Tenders resorted to during the last three years on the Zonal Railways and to suggest measures to streamline the procedure for inviting single tenders so as to curb their misuse.



2. On the basis of Report furnished by the Enquiry Committee, it has been decided that **the following procedures should be strictly observed by the Zonal Railways, in cases of award of Single Tenders:-**

- i) **Award of works on Single Tender should be restricted to restoration works in cases of accidents, breaches and other emergencies, as also to works of a very specialized nature.** The decision in regard to these specialized works, should be taken by the Chief Administrative Officer/Construction or the General Manager and cannot be delegated further. Routine nature of works like transportation of ballast, P.Way cement, renovation of canteen complex and renovation of officers chambers should not be undertaken on a Single Tender basis under the garb of urgency. Adherence to stiff target dates, or any shift in target dates of completion of projects like gauge conversion etc. should not be a cause of awarding works on a Single tender. Such exigencies can be taken care of by special limited tenders by the Railways.
- ii) It has been noticed that **in many cases of Single Tenders, the delay in completion of contracts has resulted in time over-run-s as well as incurring of extra expenditure,** which completely nullified the calling of Single Tenders on grounds of urgency. Therefore, **Single Tender should be invited on a very restrictive basis, as brought out above.**
- iii) **Selection of agencies for award of work on Single Tender basis should be from the approved list of Contractors on the Zonal Railways, except in respect of works of a specialized nature for which no approved list is usually maintained.**
- iv) **Detailed reasons justifying the need for resorting to Single Tender should be spelt out.** The tender value should be worked out carefully based on realistic quantities and rates and keeping in view the time frame for completion of the works. **All cases of Single Tender shall require prior Finance concurrence before the competent authority accords administrative approval for the award of the work on Single Tender.**
- v) **The delegation of powers below the level of GM for according administrative approval for award of work on Single Tenders for works connected with restoration of traffic will henceforth be as below:-**
  - a) **Upto Rs.20 lakhs per case per PHOD subject to annual limit of Re.1 crore for PHOD.**  
**Prior Finance concurrence at the level of FA & CAO should be obtained in each case.**
  - b) **Upto Rs.10 lakhs per case per DRM subject to annual limit of Rs.50 lakhs.**  
**Prior Finance concurrence of the Sr. DAO should be obtained in each case.**



- vi) Once Administrative approval for awarding the work on Single Tender has been accorded by the competent authority, the reasonableness of the rates quoted by the tenderer as also other terms and conditions, if any, would require to be considered by a Tender Committee and accepted by competent authority at appropriate level. The acceptance of the Tender Committee recommendations would be determined with reference to the delegation of powers prevailing on that Railway for Open Tenders.
- vii) Where award of contract on Single Tender basis is for a very specialized nature of work, extension may be considered as per extant rules and instructions. No extension should normally be granted for works awarded on Single Tender basis for works connected with restoration of through traffic.

However, in case of extreme necessity warranting grant of extension on account of unforeseen exigencies, the same should be done by levying adequate penalty (if extension is on contractors account). Prior Finance concurrence and sanction of competent authority for the award of the work on Single Tender, should be obtained irrespective of whether the extension is being granted on contractors account or Administration's account. **If the value of the Single Tender goes beyond the Original competent authority's powers, in the regard, then prior approval of the next higher authority (i.e. PHOD/GM) should be taken.**

3. This issues with the concurrence of Finance Dte. of Board's office.

Sd/-  
(K.P.SINGH)  
Executive Director Works,  
Railway Board.

\*\*\*\*\*

### ANNEXURE- A 7-20

No.98/CE-I/CT/32.

New Delhi, dated 21.8.1998.

As per list attached:

**Sub: - Purchase preference for products and services of Public Enterprises.**

A copy of O.N.No.DPE/13(19/91-Fin dated 31.10.97 and 10.2.98 from the Government of India, Ministry of Industry, Deptt. of Public Enterprises is sent herewith for information and guidance. **The Purchase Preference Policy has been extended upto the period 31.3.2000. It will cover both 'Products' and 'Services' of PSU's/Joint ventures with PSUs. The term 'Service' also includes 'Works' contracts.**

Sd/-  
(V.K. Bahmani)  
Executive Director, Civil Engg.(G,



**Railway Board.**

DA:Two letters.

Copy to FA & CAO(G), All Indian Railways.  
FA & cao, All Indian Railways.

Copy to Works-I,II, Mech.(W), S&T, R.R., F(X), Track-I, II, Track-III and Planning  
Directores of Railway Board.

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**ANNEXURE- A 7-21**

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

**No.99/CE-I/CT/1**

**Dated: 15.1.1999**

**Engineering Standard Order No.9 (Nine)**

**Sub:- Negotiations in Works Tender**

Ref:- CVC's letter No.8(1)(4)98(1) dated 18.11.1998.

In the light of instructions from CVC, Board desire that **the guidelines issued by CVC be implemented for works contracts. These are contained in para 2.4 of the above referred letter, which are reproduced below:**

**2.4 Tenders:**

**Tenders are generally a major source of corruption. In order to avoid corruption a more transparent and effective system must be introduced. As post tender negotiations are the main source of corruption, post tender negotiations are banned with immediate effect except in the case of negotiations with L-1 (i.e.Lowest Tenderers).**

Board desire that the above instructions should be strictly adhered to with immediate effect.

Receipt of this letter may please be acknowledged.

**Sd/-  
( V.K.AGNIHOTRI)  
Member Engineering**





Railway Board.

\*\*\*\*\*

**ANNEXURE- A 7-22**

**Government of India  
Central Vigilance Commission**

**No.98/ORD/1  
Satarkta Bhawan, Blcok Á'  
GPO Complex, INA,  
New Delhi -110023**

**Dated 15<sup>th</sup> March,1999**

**Sub:- Improving Vigilance Administration –Tenders.**

Sir,

Please refer to CVC's instructions issued under letter No.8(1)(H)/98(I) dated 18/11/98 banning post tender negotiations except with L-1 i.e. the lowest tenderer. Some of the organizations have sought clarifications from the Commission as they are facing problems in implementing these instructions. The **following clarifications are, therefore, issued with the approval of Central Vigilance Commissioner.**

- (i) The Government of India has a purchase preference policy so far as the public sector enterprises are concerned. **It is clarified that the ban on the post tender negotiation does not mean that the policy of the Government of India for purchase preference for public sector should not be implemented.**
- (ii) **Incidentally, some organizations have been using the public sector as a shield or a conduit for getting costly inputs or for improper purchases. This also should be avoided.**
- (iii) Another issue that has been raised is that many a time **the quantity to be ordered is much more than L1 alone can supply. In such cases the quantity ordered may be distributed in such a manner that the purchase is done in a fair, transparent and equitable manner.**

Yours faithfully,  
**Sd/-  
(P.S.Faehullah)  
Director**

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**ANNEXURE- A 7-23**

**Government of India  
Central Vigilance Commission**

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**Satarkta Bhawan, Blcok Á'  
GPO Complex, INA,  
New Delhi –110023**



No.98/ORD/1

Dated 24<sup>th</sup> August,2000

**Sub:- Improving Vigilance Administration –Tenders.**

Please refer to the instructions issued by Commission vide its communication No.8(1)(h)98(1) dated 18.11.98 banning post tender negotiations except with L-1.

The Commission has been getting a number of queries on how to **handle the matter if the quantity to be ordered is more than L-1 can supply or about placement of orders on Public Sector undertakings. It is requested that such matter may be dealt with in accordance with the clarifications issued by the Commission vide its letter of even number dated 15.3.99 (copy enclosed).**

Some of the organizations have sought clarification as to whether they can consider the L-2 offer or negotiate with that firm if L-1 withdraws his offer before the work order is placed, or before the supply or execution of work order takes place. In this regard, it is clarified that such a situation may be avoided if a two-bid system is followed (techno-commercial) so that proper assessment of the offers is made before the award of work order. Therefore, **if L-1 party backs out, there should be retendering in a transparent and fair manner. The authority may in such a situation call for limited or short notice tender if so justified in the interest of work and take a decision on the basis of lowest tender.**

The Commission has been getting references for its advice on the procedures being followed in individual cases of tenders. The Commission would not involve itself in the decision making process of individual organizations. It, however, would expect the **organizations to implement its instructions dated 18.11.98, in its spirit and to ensure that the decisions of administrative authorities are transparent.**

Yours faithfully,

Sd/  
(K.K.AHUJA)  
Officer on Special Duty

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**ANNEXURE - A 7-24**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

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

New Delhi Dated 24.8.2000



Addressed to:

As per list attached.

**Sub:- Timely settlement of Tenders.**

An extract of direction 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/-  
( Madan Lal)  
for Exec.Director,Civil Engg.(G)  
Railway Board**

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

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## **ANNEXURE - A 7-25**

**Copy of letter No. 2001/CE.I/CT/3 dt. 12.4.2001 from Shri Parmod Kumar, Executive Director, Civil Engineering (G), Railway Board.**

**Sub: Irregularities in award of work to the Contractor-Issue of instructions.**

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In the course of investigation of a case, certain irregularities were noticed in the award of the works to the contractors. **To avoid these irregularities in future, Board ( ME) has suggested following steps.**

**if sub- sectioning has been done with a view to expedite the work, then only one tender will be awarded to one firm. Or alternatively,  
If the same firm becomes L-1 in all the sub-sections, then evaluation of the firm for its fitness for award of all the works should be done for the work as a whole. This will avoid over-loading of the firms beyond their financial capability.**



The above instructions should be strictly adhered to.

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## **ANNEXURE - A 7-26**

**Copy of letter No. 2001/CE.I/CT/14 dt. 08.01.02 from Shri Parmod Kumar, Executive Director, Civil Engineering (G), Railway Board. To The General Managers Northern Railway and others.**

**Sub: Works tenders to be accepted at Board's level.**

It has been desired by Board that **all Works Tenders, which are required to be sent to the Board for acceptance, will henceforth be dealt with by a Tender Committee at PHOD level. However, finance members can be of SAG level**

These instructions would not be applicable in case of Northeast Frontier Railway (Construction).

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

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## **ANNEXURE - A 7-27**

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

**ESO.No.30/10/6.**

Addressed to: As per list attached.

**Sub: Applicability of CVC's instructions on post tender negotiations.**

Ref: i. Board's letter No.99/CE.I/CT/1 dated.15.1.1999 –ESO-9.  
CVC's letter No.98/ORD/1 dated.28.3.2002.

\*

1) Instructions have already been issued by Board not to hold post tender negotiations except with the Lowest Tender (LI) vide letter at (i) above. These instructions have further



been reviewed by CVC vide letter at (ii) above (copy enclosed) and **it has now been decided that the instructions for holding of negotiations only with L-I will not be applicable for works/projects being funded from the sources other than consolidated fund of India.**

- 2) Board desire that these instructions be implemented with immediate effect.
- 3) This is issued with the concurrence of Finance Directorate & approval of Board (ME).
- 4) Please acknowledge the receipt of this letter.

**Sd/-**  
**(Parmod Kumar)**  
**Exec.Director, Civil Engg.(G)**  
**Railway Board.**

DA/One.  
No.90/CE.I./CT/1/Pt.  
Dated: 10.7.2002.

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## **ANNEXURE - A 7-28**

**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAY**  
**(RAILWAY BOARD)**  
**E.S.O.No.32/10/8**  
As per list attached.

### **Sub: Use of Information Technology in Contract Management.**

All Railway Units are now well conversant and equipped with the use of information Technology. It is considered that IT can be applied also to the process of tender finalization.

**The following suggestions received on CRB's website should be taken up for implementation immediately:**



- (i) **List of approved and working contractors in various categories, with details regarding status of standing earnest money, performance on completed/ongoing works and other relevant credentials should be prepared.**
- (ii) **Data base of last accepted rate of all the works awarded during the last 3-4 years (with special features if any) should also, be prepared.**
- (iii) **Information should also be kept of firms with experience in specialized areas of work.**

The above information should be maintained on a website in the Railway intranet and regularly updated. This should provide assistance to TCs and contribute to correct and more expeditious finalization of tenders.

The following technical points must be ensured before such information is put up on Railnet or the Internet.

- i) **Security on the Railnet:** The website host (web server) must be fully secured i.e. the site must be hosted on a server with full physical security and data security. Physical security must be ensured by disallowing unauthorized access to the server. Data security must be ensured by installing the server behind an updated, industry-standard firewall. Proper configuration of the firewall to prevent unauthorized access through the network is essential.
- ii) **Security on the Internet:** If the site is shifted to a commercial web-hosting service on the Internet, that is, outside the Railnet, then both these requirements must be provided by the hosting agency.
- iii) **Uploading information to the site:** One or more authorized persons (Content Managers) must be nominated to periodically update the information on the site. The Content Managers must be provided with full password protection. They must update the information at specified intervals, since outdated contents on this site can be misleading. The procedure to be followed to upload information to the site must be documented and approved by the competent authority.
- iv) **Content management on the Internet:** To enable this feature on a website on the Internet, a comprehensive agreement should be drawn up with the website hosting service to ensure that only authorized persons are allowed to update the site.
- v) **Accessing information from the site:** Initially, the information may be made available to all Railnet users. However, at a later stage it may be changed to the “Publish and subscribe model” by which users have to register themselves with the web master using an on line form to view the information. This can further restrict viewership to authorized personnel only.



- vi) **Bandwidth:** The webserver should be connected to a network segment with sufficient bandwidth to ensure that there is no delay on account of network choking.

The above security measures are essential since the information is of a sensitive nature and should not be altered or defaced by the inadvertent or malicious act of an outside party or an insider.

This issues with the approval of Board (ME & FC).

Receipt of the letter may please be acknowledged.

Sd/-  
**(Parmod Kumar)**  
**Exec.Director.Civil Engg (G)**  
**Railway Board**

**No.2002/CE/I/CT/5**  
**Dated.16.1.2003.**

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**ANNEXURE - A 7-29**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**  
**NEW DELHI.**

....  
**ESO No.16**

**No.94/CE-I/CT/4(pt-II)**  
Addressed to: As per list attached.

**New Delhi, dated 6.5.2003**

**Sub:- Submission of Income Tax Clearance Certificate (ITCC) by Contractors/  
Tenderers.**

Ref:(i) letter of Ministry of Finance & Company Affairs, Department of Revenue,  
Central Board of Direct Taxes (TPL Division) F.No. 153/191/2002-TPL dt.  
13.2.2003.



- (ii) Board's letter No. F(X)1-2003/24/1 dated 24.4.2003.  
(iii) Board's letter No.69/W1/CT/38 dt. 18.9.1969.  
(iv) Board's letter No.94/CE-I/CT/4 dated 17.10.02.

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Ministry of Finance & Company Affairs vide their letter referred to at (i) above have decided that "No Income Tax Clearance Certificates shall be required to be furnished by any person while filing a tender for the purpose of obtaining commercial contracts etc." A reference was also made to Ministry of Finance by the Finance Dte. of Railway Board in regard to release of payment without insisting on ITCC. It has been **clarified by Ministry of Finance that no ITCC would be issued by the Income Tax Department to persons obtaining commercial contracts for any purpose.** In this connection, instructions issued vide Finance Dte. of Railway Board, referred to at (ii) above may also please be connected. **Board has further decided that:-**

- (1) The instructions issued vide Board's letter No.69/W1/CT/38 dated 18.9.1969, as referred to at (iii) above, are no longer applicable and the **submission of a copy of valid ITCC for the purpose of tender or for the purpose of making payment to the contractor for the work carried out or the material supplied under the contract by the contractor may not be insisted upon.**
- (2) **Clause 3 of the Minimum Eligibility Criteria contained in Para 2.3.4.1, issued vide Board's letter No.94/CE-I/CT/4 dated 17.10.02 and referred to at (iv), is modified as given below:-**

Present Clause	Clause as amended now
Total contract amount received during the last 3 years as per current ITCC.	Total contract amount received during the last 3 financial years and in the current financial year.
Should be a minimum of 150% of advertised tender value of work.	Should be a minimum of 150% of advertised tender value. Tender Committee would satisfy themselves about the authenticity of the certificates produced by the tender(s) to this effect which may be an attested certificate from the employer/client, audited balance sheet duly certified by the Accountant etc. The details about the certificate to be accepted in regard to the turnover may, however, be notified along with the minimum eligibility criteria while advertising/issuing the tender notice by the competent authority.

This issues with the concurrence of Finance Dte of Railway Board.  
Hindi Version will follow.





Sd/  
(Parmod Kumar)  
Executive Director Civil Engineering (General)  
Railway Board.

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**ANNEXURE - A 7-30**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

No. 2003/CE.I/CT/14.

Dated 15.10.2003.

Addressed to:  
As per list attached.

**Sub: Issue of instructions in regard to drawing up of self-contained and self-explanatory TC Minutes.**

While investigating one of the Vigilance cases on Zonal railways, it has been noticed by Vigilance Branch that the lowest bidder (L-1) was bypassed on the ground of unsatisfactory credentials and tender was awarded to second lowest tenderer (L-2) at a higher rate. Although, the decision of Tender Committee was considered justified, the decision was not adequately substantiated with reasoning in the tender minutes. In this connection, Central Vigilance Commission has also observed that Tender Committee should have brought out, in more details, the reasons for considering the credentials of L-1 as unsatisfactory and also the reasonability of rates, counter offered to L-2.

Incidentally, the estimated value of the work was shown as 2.06 lakh in the minutes whereas the offer recommended for acceptance was more than one crore & even the T.C. members did not put dates under their signature. The actual estimated cost, as per tender notice and briefing note, was Rs.1,04,11,500/-.

**Therefore, it is reiterated that T.C. minutes should be self-contained and TC should clearly bring out the reasons, in detail for bypassing the lowest/lower offers & T.C. should do thorough check of the figures indicated in Minutes & members should also put dates under their signature.**

This issues with the concurrence of Finance and Vigilance directorates of Railway Board.

Sd/  
(Parmod Kumar)  
Exec.Director, Civil Engg.(G)



Railway Board

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## **ANNEXURE - A 7-31**

**Copy of letter No. 90/CE.I/CT/1 Pt. dt. 19/21.11.2003. from Shri Parmod Kumar, Executive Director, Civil Engineering (G), Railway Board.**

**Sub: Improving Vigilance Administration –Works Tenders.**

**Ref: (i) Board's letter No.99/CE.I/CT/1 dt. 15.01.1999 ESO No.9.,  
(ii) CVC's letter no.98/ORD/1 dt. 24.8.2000**

1. Instructions have already been issued by Board not to hold post tender negotiations except with the lowest tendered (LI) vide letter at (I) above and further vide letter No.99/CE.I/CT/1 Pt. dt. 24.10.2002 (ESO No.31/10/7). CVC have further issued some clarifications vide their letter (ii) above (Copy enclosed).

2. Board have considered these instructions and it is noted that the instructions as contained in para 2 of CVC's letter referred at (ii) above are basically in connection with Stores contracts hence should be dealt with in accordance with the Board's instructions issued by Stores Directorate vide letter No.99/RS(G)/T/9/2 Pt.1 dt. 16.4.2003.

3. Regarding instructions contained in para 3 of CVC's letter referred at (ii) above, **Board desire that the instructions be followed meticulously i.e. if L-1 backs out, there should be retendering in a transparent and fair manner. The authority may, in such a situation, call for limited or short notice tender if so justified in the interest of work and take a decision on the basis of lowest tender. However, while deciding on L-1 instructions as contained in para 3.4.1 of Board's letter no. 94/CE.I/CT/4 dt. 17.10.2002 should be observed.**

4. So far as, 2 packet system of tendering is concerned, instructions issued by Board vide their letter no.94/CE.I/CT/4 dt. 17.10.2002 (para 2.8.5.2) and of even number dt. 11.6.2003 shall be followed.

5. Board desire that these instructions be implemented with immediate effect.

6. This issues with the concurrence of Finance and Vigilance Directorates of the Board.  
DA/ as above

**Copy of letter No. 90/CE.I/CT/1 Pt. dt. 19/21.11.2003. from Shri Parmod Kumar, Executive Director, Civil Engineering (G), Railway Board. To All General Managers and others.**



**Sub: Role of Tender Committee (T.C.) in finalizing the Works Tenders/Contracts.**

- Ref: (i) Board's letter no.52/W/229 dt. 09.5.1952.  
(ii) Board's letter No.87/W.1/CT/56 dt. 16.5.88  
(iii) Board's letter no. 94/CE.I/CT/4 dt. 17.10.2002.

**During the regular works review meeting with the railways, an impression has been gathered that having prescribed the “ Minimum Eligibility criteria” by the Board vide their letter at (iii) above, Tender Committee need not examine the financial capacity & capability to undertake the proposed work. This is leading to a situation where works are getting awarded to a firm/agency who has already got number of works in hand and the new work may be beyond its capacity to undertake further work (s).**

The matter has been examined in the Board's office and it is clarified that it is one of the important role of T.C. to examine the financial capacity & capability of a intending tenderer vis-à-vis the workload in his hand in order to ensure that he/she can undertake and execute the new work if assigned to him/her successfully. In this regard attention is invited to **Para 1215 of Engineering Code (Reprint-1999)** which stipulates “no work or supply should ordinarily be entrusted for execution to a contractor whose capability and financial status has not been investigated and found satisfactory.

Similarly, **para 617 of Indian Railway Finance Code, Volume-I (Re-print-1998)** provides that “ in the case of open tenders, if the lowest tenderer is not on the approved list of contractors kept by the Railways, but his tender is otherwise satisfactory, he should be asked to produce evidence of his capacity to carry out the proposed work for supply efficiently and of a sound financial capacity. If he is unable to produce this evidence, and it is proposed to pass over his tender and consider the next higher one, the fact of the lowest tenderer having failed to produce necessary evidence of his capacity and sound financial position should invariably placed on record.”

**Therefore, it is amply clear from the above codal provisions that T.C. should examine the financial capacity, capability and past performance of an intending bidder before awarding him/her the work.**

These instructions were also circulated to Railway by Board letter nos. referred to at (i) & (ii). It is, therefore, once again reiterated that the **financial capacity capability and past performance of the tenderer/contractor should be investigated/examined in detail by the tender Committee before recommending him/her for awarding a contract duly considering the existing work load with the tenderer(s).**

This issues with the concurrence of Finance and Vigilance Directorates of the Board.

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**ANNEXURE - A 7-32**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAYS**



(RAILWAY BOARD)

No.2004/CE-I/CT/13

New Delhi, dated 24.8.04.

Addressed to:

As per list attached.

**Sub:- Improper use of Schedule of Powers (SOP) in finalization of tender.**

\*

It has come to notice of the Board that some railways are still not following the instructions issued from Board vide **letter No.88/CE-I/CT/76dt. 23.12.88.**

**In all tender cases, recommendation of Tender Committee (T.C.) should be put up to next higher authority for acceptance. The practice of putting up the T.C.'s recommendations to a colleagues in the same grade/Level is in gross violation the instructions issued vide Board's letter referred to above and Vigilance Directorate has taken a serious view of such irregularity.**

**It is therefore, reiterated that the instructions issued in above mentioned letter may strictly be followed.**

Receipt of this letter may please be acknowledged.

Sd/-  
(PARMOD KUMAR)  
Exec. Director, Civil Engg.(G)  
Railway Board.

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**ANNEXURE - A 7-33**

**Copy of letter No.2004/BC/AP/3.9/2002-03 dated 01/9/2005 received from Parmod Kumar, EDCE(G) to The General Managers, N.Rly. & others**

**Sub: Various advances to the contractors.**

Para 1264 of Indian Railways Code for the Engineering Department specifies various types of advances which can be given to the contractors such as Mobilization Advance, Advance against Machinery and Equipments etc. This Para also stipulates various conditions for granting these advances in order to ensure timely recovery of these advances and also to safeguard Railway's interest in the event of failure of contractor to repay the advance. It is also mentioned in Para 1264 of Engineering code that Railway may incorporate suitable provisions in the special conditions of the tender for grant of Mobilization Advance and Advance against the Machinery and Equipment if the work warrants grant of such advances subject to the conditions specified therein.



In one of the tender cases of South Central Railway, Audit has pointed out that there had been a failure on the part of the Railway(s) to ensure adequate safeguards against the failure of the contractor in repaying the advance, so granted that had resulted in non recovery of sum of Rs.2.83 crores towards principal and interest even after lapse of 6-7 years after awarding the contracts.

It is, therefore, once again reiterated that **Railway should strictly follow the instructions as contained in the Engineering Code Para 1264 and ensure that the adequate safeguards are in built in the contract conditions to effect timely recovery of advance.**

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

\*\*\*\*\*

### **ANNEXURE - A 7-34**

**Policy letter no. RB/CE-I/5/2006**

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

**No.94/CE-I/CT/4**

**New Delhi, dated 21 6.2006**

**AS PER LIST ATTACHED**

**Sub: Minimum eligibility criteria in Works Tenders.**

**Ref: i. Railway Board's letter no. 94/CE-I/CT/4 dated 17.2.2002.**

**ii. Railway Board's letter no. 94/CE-I/CT/4 dated 4.6.2003.**

Ministry of Railways has decided to **amend the minimum technical eligibility criteria for open tenders costing above Rs. 10 lakhs stipulated vide item 2 of Clause 2.3.4.1** (reference (i)) and its subsequent modification vide item 3 of Railway Board's letter no. (reference (ii)). The amended criteria is enumerated below and has the approval of Finance Directorate.

- i. Similar nature of works physically completed within the qualifying period, i.e. the last 3 financial years and current financial year should only be considered in evaluating the eligibility criteria.**
- ii. The total value of similar nature of works completed during the qualifying period, and not the payments received within qualifying period alone, should be considered.**

In case, final bill of similar nature of work has not been passed, paid amount including statutory deductions is to be considered if final measurements have not been recorded OR if final measurements have been recorded and work has been completed with negative variation. However, **if final measurements have been recorded and work has been completed with positive variation but variation has not been sanctioned, original contractual value of work should be considered for judging eligibility.**



- iii. **In the case of composite works involving combination of different works, even separate completed works of required value should be considered while evaluating the eligibility criteria.** For example, in a tender for bridge works where similar nature of work has been defined as bridge works with pile foundation and PSC superstructure, a tenderer, who had completed one bridge work with pile foundation of value at least equal to 35% of tender value and also had completed one bridge work with PSC superstructure of value at least equal to 35% of tender value, should be considered as having fulfilled the eligibility criterion of having completed single similar nature of work.
- iv. **Similar nature of works should be clearly defined by the PHODs of the Zonal Railways and it should be strictly followed by the concerned. Zonal Railways and the same should be indicated in the NIT/Tender document also. In case of any deviation/modification in the list of similar nature of works, prior approval of PHODs should be obtained.**

Sd/-

(N.K.SINHA)

Executive Director Civil Engg.(G)

Copy to: Sr. PPS/ME, FC, AM(B), AM(CE) & AM (Vigilance) for their kind information.

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## **ANNEXURE - A 7-35**

Policy Letter No. RB/CE-I/6/2006

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

No. 94/CE-I/CT/4

New Delhi, dated 23.11.2006

AS PER LIST ATTACHED

**Sub: Clarification regarding minimum technical eligibility criterion in Works Tender.**

- Ref: i. Railway Board's letter no. 94/CE-I/CT/4 dated 17.10.2002.  
ii. Railway Board's letter no. 94/CE-I/CT/4 dated 4.6.2003.  
iii. Railway Board's letter no. 94/CE-I/CT/4 dated 21.6.2006.



**Minimum technical eligibility criterion for open tenders costing more than Rs. 10 lakhs had been stipulated vide Item 2 of clause 2.3.4.1 of the letter referred at (i) above. It was subsequently modified vide letter referred at (ii) above. Now in supersession of the letter referred at (iii) above, following clarifications are issued in regard to interpretation of the minimum technical eligibility criterion.**

**i. Similar nature of work physically completed within the qualifying period, i.e. the last 3 financial years and current financial year (even though the work might have commenced before the qualifying period) should only be considered in evaluating the eligibility criteria.**

**ii. The total value of similar nature of work completed during the qualifying period and not the payments received within qualifying period alone, should be considered.**

In case, the final bill of similar nature of work has not been passed and final measurements have not been recorded, the paid amount including statutory deduction is to be considered. If final measurements have been recorded and work has been completed with negative variation, then also the paid amount including statutory deduction is to be considered.

However, if final measurements have been recorded and work has been completed with positive variation but variation has not been sanctioned, original agreement value or last sanctioned agreement value which ever is lower should be considered for judging eligibility.

**iii. In the case of composite works involving combination of different works, even separate completed works of required value should be considered while evaluating the eligibility criteria.**

For example, in a tender for bridge works where similar nature of work has been defined as bridge works with pile foundation and PSC superstructure, a tenderer, who had completed one bridge work with pile foundation of value at least equal to 35% of tender value and also had completed one bridge work with PSC superstructure of value at least equal to 35% of tender value, should be considered as having fulfilled the eligibility criterion of having completed single similar nature of work.

**iv. Similar nature of works should be clearly defined by the PHODs on open line and nominated Chief Engineer/CSTE/CEE on construction organization of the Zonal Railways and it should be strictly followed and the same should be indicated in the NIT/Tender document also. In case of any deviation/modification in the list of similar nature of works, prior approval of competent authority should be obtained.**

This issues with the concurrence of Finance Directorate.

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



Copy to: Sr. PPS to ME & FC for their kind information.

PPS to AM(B), AM(CE) & AM (Vigilance) for their kind information.

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## **ANNEXURE – A 7-36**

**Policy letter No.RB/CE/15/2003.**

**Letter No.94/CE.I/CT/4(Pt.II) dated 19-11-2003 from EDCE(G), Railway Board to all General Managers.**

**Sub: Role of Tender Committee (T.C.) in finalizing the Works Tenders/Contracts.**

Ref: (i) Board's letter No.52/W/229 dated 9-5-1952

(ii) Board's letter No.87/W 1/CT/56 dated 16-5-88

(iii) Board's letter No.94/CE.I/CT/4 dated 17-10-2002.

During the regular works review meeting with the railways, an impression has been gathered that having prescribed the "Minimum Eligibility criteria" by the Board vide their letter at (iii) above, Tender Committee need not examine the financial capacity & capability to undertake the proposed work. This is leading to a situation where works are getting awarded to a firm/agency, who has already got number of works in hand, and the new work may be beyond its capacity to undertake further work(s).

The matter has been examined in the Board's office and it is certified that it is one of the important role of T.C. to examine the financial capacity & capability of an intending tenderer vis-à-vis the workload in his hand in order to ensure that he/she can undertake and execute the new work if assigned to him/her successfully. In this regard, attention is invited to **Para 1215** of Engineering Code (Reprint – 1999) which stipulates **"no work or supply should ordinarily be entrusted for execution to a contractor whose capability and financial status has not been investigated and found satisfactory ....."**

Similarly, para 617 of Indian Railway Finance Code, Volume-I (Reprint – 1998) provides that **"in the case of open tenders, if the lowest tenderer is not on the approved list of contractors kept by the Railways, but his tender is otherwise satisfactory, he should be asked to produce evidence of his capacity to carry out the proposed work for supply efficiently and of a sound financial capacity. If he is unable to produce this evidence, and it is proposed to pass over his tender and consider the next higher one, the fact of the lowest tenderer having failed to produce necessary evidence of his capacity and sound financial position should invariably be placed on record."**





Therefore, it is amply clear from the above codal provisions that T.C. should examine the financial capacity, capability and past performance of an intending bidder before awarding him/her the work.

These instructions were also circulated to Railways by Board letter nos. referred to at (i) & (ii).

**It is, therefore, once again reiterated that the financial capacity, capability and past performance of the tenderer/contractor should be investigated/examined in detail by the Tender Committee before recommending him/her for awarding a contract duly considering the existing work load with the tenderer(s).**

This issues with the concurrence of Vigilance & Finance Directorates of the Board.

Letter may please be acknowledged.

Sd/-  
**EDCE(G), Railway Board**

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### **ANNEXURE – A 7-37**

**Letter No.90/CE-I/CT/1 dated 25/29-10-2002 from EDCE(G) to CAO/C, E.C. Rly., Hajipur**

**Sub: Mafia problem in works tenders.**

It has come to notice of the Board that there is serious mafia problem in tenders in certain areas of ECR. This evil do exist to some extent in other parts of Indian Railways also. Hon'ble MR has drawn attention towards this menace and shown his concern **to handle this effectively. Board from time to time have issued various instructions directly or indirectly which could be quite effective if implemented suitable. These are:-**

- 1) Receiving the tender papers at more than one place and then bringing the tender boxes at a pre-assigned place for opening. (Board's letter No.90/CE-I/CT/1 dated 28-10-1998).**
- 2) Alternatively, the tenders may be opened simultaneously at more than one place. However, this needs meticulous planning and monitoring to ensure opening of the tenders at the pre-assigned time simultaneously.**



- 3) Placing the tender papers on a website (internet). Instructions issued by vide ESO No.29/10/5 issued vide Board's letter No.2002/CE-I/CT/5 dated 29-7-2002 may please connected.
- 4) Receiving the tender papers through post/courier etc.
- 5) Preparation of tender papers well in advance, at least 15 days, before the due date of opening tender. (Board's letter No.93/CE-I/CT/85 dated 9-5-1994).
- 6) Black-listing /de-listing of such contractors who have been found indulging in the mal-practices or whose performance has not been satisfactory. In this connection, instructions issued recently on "Appointment of Works Contractors" based on recommendation of a Committee headed by Shri Sudhir Chandra and etel vide Board's letter No.94/CE-I/CT/4 dated 17-10-2002 may also be connected.  
It is desired that the above instructions may be followed judiciously to safeguard against such an eventuality.

Sd/-

EDCE(G), Railway Board

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### ANNEXURE – A 7-38

Letter No.2000/CE.I/CT/28 dated 19-06-2000 from EDCE-I (Spl), Railway Board.

**Sub: Banning of business with the wife of Railway employee living in the railway premises.**

In the course of investigation of a case, it has been noticed that a **Railway employee had informed the administration that his wife was doing business with the Railway administration living in railway premises. This is against the rules.**

**To avoid recurrence of such things in future, it is suggested that tender issuing officials and tender committee members may look into the aspect of official address of the firm and their power of attorney etc. to avoid such lapses.**

The above instructions should be strictly adhered to.

Receipt of this letter may please be acknowledged.

Sd/-

EDCE-I(Spl), Railway Board



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## **ANNEXURE – A 7-39**

### **Office Order No.52 of 2001**

**At present cases of award of contracts for works/stores exceeding Rs.8 crores and upto Rs.15 crores are being decided by the concerned Board Member.**

**Consequent upon the enhancement of the financial powers of General Managers for award of contract from Rs.8 crores to Rs.15 crores, it has been decided that henceforth cases of award of contracts for Works / Stores exceeding Rs.15 crores and upto Rs.22 crores will now be put up to the concerned Board Members for approval.**

**No.2001/O&M/5/3 dated 21-9-2001.**

**Sd/-  
(R.K.Singh)  
Secretary /Railway Board.**

**To, All Officers and Branches in Board's Office.**

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## **ANNEXURE – A 7-40**

**Letter No.90/CE-I/CT/27 dated 10-5-1993 from EDCE(G), Railway Board  
Sub: Works Tenders – Appreciation Committee (Railway Board).**

Works Tenders pertaining to Electrical including RE, Signaling, Works and Civil Engineering Directorates invited on the Zonal Railways/CORE, which are beyond the powers of acceptance of the G.M., are received in Railway Board for acceptance.

**With a view to streamline the procedure for acceptance, procedure similar to that of Appreciation Committee for tenders of Stores Dte., as laid down in Office Order No.40 of 1988, is to be followed, as stated below.**

The Appreciation Committee will consist of the Executive Directors of the concerned Technical Dte. And the associate Finance. The role of Appreciation Committee would broadly be to highlight the important points for the benefit of the Accepting Authority. Any gross irregularity/mistake/deviations from the standard procedures/rules may be commented upon, and an Appreciation Note recorded for the benefit of the Accepting Authority.

The Railway Board should forward T.C. recommendations duly approved by G.M. to Railway Board in triplicate. After receipt of the minutes, the Executive Director concerned of the Technical Directorate will give a copy of the minutes to



the associate Finance. E.D. of the Technical Dte. thereafter will call for a meeting of the Appreciation Committee and their comments will then be put up to the Accepting Authority as indicated below:-

**Appreciation Committee**



**Adv. (Technical Dte.)/Adv. (Finance) / Budget**



**Technical Board Member**



**F.C.**



**M.R.**

The time schedule would be as follows:-

S.No.		Time period
i)	Receipt of T.C. recommendations	D
ii)	TC Minutes to be sent to Associate ED/D (Finance) (3 days)	D + 3
iii)	Appreciation Committee to meet (7 days)	D + 10
iv)	Comments of the Appreciation Committee (4 days)	D + 14
v)	Comments of Advisers (Tech. Dte. Finance/Budget) (7 days)	D + 21
vi)	Acceptance of the TC by Competent Authority (7 days)	D + 28
vii)	Communication of the acceptance or otherwise to the Railways ( 7 days).	D + 35

Where a clarification is necessary, the Appreciation Committee will decide the items of reference and a time period of 3 weeks may be kept for obtaining the necessary clarification. Thereafter the Appreciation Committee will finalise the comments within 7 days. Where the clarifications received are not considered adequate by the Appreciation Committee, no second, back reference will be made, instead the representatives from the Railway / CORE as considered necessary will be called to Board's Office giving another 7 days notice. The Appreciation Committee final note shall be prepared in another 7 days time after meeting the representatives of the Railways/CORE.

Sd/-  
**EDCE(G), Railway Board**

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## **ANNEXURE – A 7-41**

Letter No.84/W1/CT/28(P) dated 09-7-1985 from Addl. Director, Civil Engineering, Railway Board to GM/Northern Railway.

**Sub: Negotiations with the Tenderers.**

Ref: Your Railway's D.O. letter No.74-W/0/WA/Pt.II dated 3-6-1985.

The matter has been considered by the Ministry of Railways (Railway Board) who are of the view that **when the tenders received are considered to be unreasonably high in value and where the lowest tender is technically unacceptable or is rejected because of unsatisfactory credentials, capacity or unworkable rates and the next higher offers are also found to be unreasonably high, negotiations are conducted with the Tenderers with a view to only bringing down the rates. The Tenderers, are, however, not allowed that while reducing their rates in some of the items of the work can also increase their rates in some other items of the work. Before the tenderers are called for negotiations, they are to be addressed as laid down in Board's letter No.61/W2/CT/24 dated 31-10-1965 so that the rates originally quoted by them shall remain open for acceptance in the event of failure of the contemplated negotiations. Further, according to clause of the Standard Regulations, it is within the Railway's might to invite tenders for any work or works, or to invite open or limited tenders, and when tenders are called, to accept a tender in whole or in part or reject any tender or all tenders without assigning reasons for any such action.**

Sd/-

Addl. Director/Civil Engineering,  
Railway Board.

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## **ANNEXURE – A 7 - 42**

**GOVERNMENT OF INDIA  
Ministry of Railways  
(Railway Board)**

**No.92/RS(G)/363/1PEs**

**New Delhi, dated 24.01.2008.**

Addressed to,  
As per list of 'A' attached.

**Sub:- Purchase Preference Policy for Products and Services of Central Public Sector Enterprises.**



- Ref: (i) Judgement dated 18-5-2007 of the Hon'ble Supreme Court of India in the matter of M/s Caterpillar India Pvt. Ltd. v/s Western Coalfields Limited & others.
- (ii) Board's letter of even No. dated 28-7-2005.
- (iii) Ministry of Heavy Industry & Public Enterprises OM No.DPE 13(12)/2003 -Fin.Vol.II dated 18-7-2005.

Ministry of Heavy Industries and Public Enterprises vide their OM No.DPE.13(15)/2007-Fin. Dated 21.11.2007 (copy enclosed) have communicated the decision of Central Govt. of India based on the Judgement of Hon'ble Supreme Court of India under reference above regarding Purchase Preference Policy for Products and Services of Central Public Sector Enterprises.

In the light of the Hon'ble Supreme Court's judgement under reference above, the Central Government reviewed the Purchase Preference Policy for Products and services of Central Public Sector Enterprises on 25-10-2007 and decided:

(a) To reiterate its earlier decision dated 30-6-2005 that the purchase preference policy will be terminated with effect from 31-3-2008, as circulated vide ref (ii) & ref (iii) dated 28-7-05 & 18-7-05, respectively.

(b) The preferential purchase policies framed for the specific sectors by the concerned Ministries / Departments within relevant Act of Parliament or otherwise do not come within the purview of this decision.

In view of above, it is advised that there will not be purchase preference for products and services of CPSE w.e.f. 31-3-2008 except for preferential purchase policies framed for specific sectors, separately.

Please acknowledge receipt.

S/d  
(Aruna Jain)  
DDRS(G)-II  
Railway Board.

## **8.0 Zonal Contracts & Pre- Qualification**

### **ANNEXURE-A 8- 1**

**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 30<sup>th</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> June.

After careful consideration, the Board have decided that, while the term for zonal contract should continue to be 1<sup>st</sup> July to 30<sup>th</sup> 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 30<sup>th</sup> June so that the contracts may take effect from 1<sup>st</sup> 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.

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**ANNEXURE-A 8-2**

**Copy of Railway Board's letter No.85/WI/CT/23-GCC dt.10.2.87 addressed to the GMs. All Indian Railways incl. CLW, DLW, ICF & NTP (Rlys) at Calcutta, Madras and Bombay and GMs./Con/NFR/Maligaon, Gauhati and S.Rly. Bangalore and others.**

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**Sub: Pre-qualifications of contracts and consultancy of contracts etc.**

Ref: Board's letter No.35-W1/CT/23-GCC dt.31.1.86 & 3/6.3.86.

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Some of the Railways have raised certain points on the provision contained in the above letter and have sought clarifications from the Board's office. The matter was considered in this office and the decisions on the various suggestions/proposals made by the Railways are as under:-

S.No.	<u>Suggestions/Proposals</u>	<u>Decision of the Board.</u>
1.	Whether powers delegated under Board's letter dt.31.1.86 regarding grant of advances to contractors can be implemented straight away by the Railway, pending their codal inclusion.	1&2:-The power as delegated in Board's circular No.85/W1/CT/ 23-GCC dt.31.1.86 i.e. <b>grant of separate advances towards mobilization, plant &amp; machinery and for accelerating progress of works at mid-stream, limited to extent of 10% each of the contract value for first two items and 5% of contract value or 5 lakhs whichever is less holds good and the railways may implement them even if necessary changes in the codal provision have not been effected yet.</b>
2.	Whether the restrictions imposed in Board's subsequent letter No. F(X)II/79/PW/4 dt.13.2.86 conflict with the earlier delegation and meant to restrict the power of the GM regarding grant of advance as envisaged in earlier instructions.	The restriction imposed under existing delegation of power (Item 48), contained in Board's letter No.F(X)II/79/PW/4 dt.13.2.86 stands superseded.
3.	The rider attached to clause 5.4 of Board circular dt.31.1.86 i.e. "Normally no advance should be given after the contract is signed" is anomalous as advance is necessarily to be granted after the contractor enters the field either at the outset or in the mid-stream of execution of work. This para, therefore, needs deletion.	The above provisions for grant of advances towards mobilization or against plan and machinery etc. should be included in the contract condition by GM in consultation with the FA & CAO where considered necessary for smooth implementation of this provision. <b>The rider attached to clause 5.4 of the Board's circular dt.31.1.1986 may be deleted.</b>
4.	DRM instead of ACE, should be the accepting authority for class 'C' category of contractors whose selection is recommended by the Divl. authorities, so as to enable the Divn. to implement the system of awarding the contract upto Rs.10	No change is contemplated in the Board's decision, already conveyed.





5.	lakhs independently.  (i) Requisite safeguards in the form of acceptable Bank Guarantee being taken against the advances granted to the contractors. (ii) Metro Railway has suggested increase in the interest rate from 10% to 20% in case of advance to be granted for accelerating the work. Since maximum limit for advance is restricted to 5% of contract value or 5 Lakhs whichever is less, it is not considered necessary to enhance the interest rate. There is also no need to enhance the limit of sanctions as suggested by the Metro Railway. (iii) The Central Railway have suggested introduction of two stage system as against two packet system of tendering, as recommended by the Board. The Board does not consider it necessary to make any change in two packet system, and therefore, desire that this should be adopted uniformly by all the Railways.	<b>For any advances granted to the contractors, suitable safeguards in the form of acceptable Bank Guarantee etc. is required to be taken.</b> The Railway while granting such advances(s) may, in each case as for the same.
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4. This issues in consultation with the Finance Directorate of the Ministry of Railway.

5. Please acknowledge receipt of this letter.

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**ANNEXURE-A 8- 3**  
**Government of India (Bharat Sarkar )**  
**Ministry of Railway (Rail Mantralaya)**  
**(Railway board)**

Mo.85/W-I/CT/23GCC.

New Delhi, dt.16.08.89.

**Sub: Pre-qualification of contracts and consultancy of contracts etc.**

Ref: Board's letter of even number dt.31.1.86.

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The criteria laid down for considering the enrollment of contractors in various categories have been reviewed by the Board and it has been decided that **the existing criteria as**



contained in recommendation No.3.3 for enlistment of contractors of categories (A) to (C) may be modified as given in the enclosed statement.

The receipt of this letter may be acknowledged.

Sd/-  
(Ashok Kumar)  
Executive Director/Civil Engg/G  
Railway Board.

**CRITERIA REGARDING ENROLMENT OF CONTRACTORS IN CLASS 'A'  
TO 'C'**

	<b>Criteria as per committee's Report</b>	<b>Modified Criteria</b>
a.i.	They should have a permanent engineering organization and maintain a minimum of transport equipments and construction tools and plants required for the works.	<b>They should have an engineering organization with at least a graduate engineer having 10 years experience plus an engineering diploma holder having 5 years experience of relevant discipline,, and maintain a minimum complement of transport equipment and construction tools and plant commensurate with the nature of works being done by them.</b>
ii.	At the time of enlistment they should have satisfactorily executed at least two works, each individually costing not less than Rs.25 Lakhs	<b>Same as existing.</b>
b.i.	They should have a permanent engineering organization and should have a minimum of transport equipments and construction tools and plants required for the works.	<b>They should have an engineering organization with at least a graduate, engineer having 5 years experience of relevant discipline and maintain a minimum complement of transport equipments and construction tools and plant commensurate with the nature of works being done by them.</b>
ii.	At the time of enlistment, they should have satisfactorily executed at least two works, each individually costing not less than Rs.10 lakhs.	<b>Same as existing.</b>
(c)i.	They should have an engineering organization or one of the partners should be a graduate engineer with at least 10 years experience.	<b>They should have an engineering organization with an engineering diploma holder having at least 3 years experience of relevant discipline.</b>



ii.	At the time of enlistment, they should have satisfactorily executed at least two works, each individually costing not less than Rs.3 Lakhs.	Same as existing.
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**ANNEXURE-A 8- 4**  
**Government of India (Bharat Sarkar )**  
**Ministry of Railway (Rail Mantralaya)**  
**(Railway board)**

Mo.85/W-I/CT/23GCC.(Part-I)

New Delhi, dt.25.8.1989.

**Sub: Pre-qualification of contract and consultancy of contracts etc. maintenance of list of approved contractors.**

Ref: Board's letter No.85/W-1/CT/23 GCC dated.31.1.86.

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1. It has been brought to the notice of this Ministry that the constitution of existing Selection Committee and accepting authority as contained in the above letter needs to be revised consequent on up-gradation of the post of Additional HODs to that of Senior Administrative Grade.
2. The matter has been considered in the Ministry and it has been decided that the **Selection Committee, which shall consist of one Officer of the Engineering Department and an officer of the Accounts Department and the Accepting Authority for selecting contractors in A, B and C categories may be revised as under:-**

Class	Selection Committee	Accepting Authority
(A)	SA grade officers	C.E./CAO (Con.) C.E.(C)
(B)	Sr.DEN/SrXEN/Dy.CE and Dy. FA& CAO. (JA Grade officers)	SA grade Officer of Engg. Deptt
(C)	DEN/XEN & DAO/SAO (Senior Scale Officers)	SA grade Officer of Engg. Deptt

This issue with the concurrence of Finance Directorate of this Ministry.

Receipt of this letter may please be acknowledged.

DA/As above.

Sd/-



(Ashok Kumar )  
Executive Director/Civil Engg/G

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**ANNEXURE – A 8-5**

**RB/CE/3/2003**

**Letter No.99/CE-I/CT/60 dated 21-5-2003 from EDCE(G), Railway Board  
ESO No. 17**

**Sub: Irregularities in execution of Annual Zonal Contracts.**

**In order to make the execution of zonal works contracts more transparent and free from irregularities, Board have decided that the following instructions should be followed meticulously:-**

**(i) Individual work orders required for the zonal contracts should have sufficient details about locations where the work is to be carried out. The works involving repairs/construction of drains, roads and pipelines should be accompanied with relevant sketches pinpointing the exact locations and type of work required to be carried out.**

**(ii) Technical check of each work order shall be done by the Division (CDM) at final bill stage to ensure that the locations and quantities mentioned in the work orders tally with the bills submitted by field units and are technically justified.**

**(iii) Date of last repairs of the work under consideration, particularly in case of white-washing/painting etc. shall invariably be mentioned in the work order if the same work was undertaken at the same location within last 3 years.**

**(iv) Detailed measurements of repetitive works like white washing etc. should be based upon Standard Measurement Books (SMBs) as prescribed in the Engineering Code Para No.1327. The system of using the reference MBs, if in vogue on any of the Railway/Unit, should be discontinued. If necessary, one time exercise may be taken for getting the SMBs prepared.**

**(v) All Work Orders should be sanctioned by 31<sup>st</sup> March. However, only in exceptional cases, DEN/Sr.DEN can sanction the Work Order beyond 31<sup>st</sup> March with the reasons duly recorded.**

This issues with the concurrence of Finance and Vigilance Directorates of Railway Board.

Sd/-  
**EDCE(G), Railway Board**

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## ANNEXURE – A 8-6

**Letter No.99/CE.I/CT/43 dated 5-8-99 from EDCE(G), Railway Board.  
Sub: Works of specialized nature.**

Two tenders involving execution of highly specialized work were called for at the divisional level of a Zonal Railway. Since the work was of a highly specialized nature, the eligibility criteria should have been clearly laid down in the tender, to avoid participation of firms who had no background to similar types of jobs. However, this was not done in the instant case, which resulted in a situation which called for comparing two unequal offers.

Board have observed that **instructions already exist that before calling the tenders involving the highly specialized work, the special conditions for carrying out the special works should invariably be got approved from the Headquarters Office. These instructions should be strictly followed, so as to avoid such type of complications in future.**

Kindly acknowledge the receipt.

Sd/-  
EDCE(G), Railway Board

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## 9.0 Price Variation Clause

### ANNEXURE-A 9- 1

**Copy of Railway Board's letter No.80/WI/CT/10 dated.23<sup>rd</sup> April/1980 addressed to all General Managers, All Indian Railways etc.**

**General conditions of contract-inclusion of price variation clause.**

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The Railway Board had nominated a Committee of Directors and Chief Engineers (Construction) to go into the question of providing a price variation clause in the works contracts to be entered into by the Railways. The committee has since submitted the report and based on its recommendations, the **Board have decided that price variation clause as indicated in Annexure-I may be provided in future contracts valuing Rs, 25 lakhs and above. The price variation clause should be included in the special conditions of tenders and only thereafter tenders should be invited, so that the**



tenderers are fully aware of the implications of the price variation clause and take the same into account while quoting their rates. The price variation clause as indicated in annexure-I has been vetted by the Legal Cell of Board's Office.

2. **The percentage components of various items like material labour, fuel, etc. will be different for different types of works. These percentages for various types of works are given in Annexure-II.** Depending upon the type of the work these percentage should be incorporated in the price variation clause before including the same in the tender documents so that these are duly taken into account by the tenderers while quoting their rates.

3. A report as to how this clause has worked may be sent by the Railways within a years' time with recommendations/suggestions, if any, interalia, suggesting whether the clause should be applied to contracts of lesser value also.

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

5. Please acknowledge.

#### ANNEXURE-A

#### 4.3. Estimation of Tender & Agreement Quantities:

There should be much greater stress or proper estimation of quantities provided in Tender Schedule/Agreement than is being given hitherto despite repeated instructions on the subject and recommendations in this regard by the Efficiency Bureau. Sample borings, trial pits, soil survey must be insisted to determine the quantities more realistically and provide for them in Tender Schedules. This would not only eliminate unfair rates being tendered on guess work by the contractors, but also bring the subject matter under better management control reducing the possibilities of manipulation by the engineering officials and abuse by the contractors. Instructions issued by the Board vide their letter No.76/W1/CT/53 dated.22.4.1977 are of significance in this regard and can be observed only if estimates are made more carefully. Strengthening of the organization where necessary to have more detailed and realistic estimates will, in the opinion of the Committee, pay for itself by reducing the magnitude of claims by the contractors and by having more fair bids from the tenderers having due regards to the actual job requirement. The contractors in the engineering industry having during the past few decades became more educated & are able to devote -- ----- provided they have fair knowledge of the actual job conditions/requirements from the tender documents.

#### Annexure-I

#### Price Variation:



The rates quoted by tenderer and accepted by Railway Administration shall hold good till the completion of the work and no additional individual claim will be admissible on account of fluctuation in market rates, increase in taxes/any other levies/tolls etc. except that payment/recovery for over all market situation shall be made as per price variation clause given in para below.

No cognizance will be given for any sort of fluctuations in taxes and other market conditions etc. for any individual item for the purpose of making adjustments in payments. The contract shall, however, be governed by the General Price Variation clause as under:-

Adjustment for variation in prices of materials, labour, fuel, explosives, detonators shall be determined in the manner prescribed below:-

The percentage component of various items in a contract on which variation in price shall be admissible shall be:-

Material component	%	(To be specified
Labour component	%	as per Annexure-II
Fuel component	%	depending upon the type
Explosive component	%	of the work).
Detonators component	%	
For fixed component at....	%	no price variation
Will be admissible		

If, in any case, the accepted offer includes some specific payment to be made to consultants or some materials supplied by Railway at fixed rate, such payments should be excluded from the gross value of the work for purpose of payment/recovery of variations.

The amount of variation in price in the several components (labours, material etc.) shall be worked out by the following formulae:-

$$\begin{aligned}
 \text{(i)} \quad L &= \frac{R_x(I-I_0)}{I_0} \times \frac{P}{100} \\
 \text{(ii)} \quad M &= \frac{R_x(W-W_0)}{W_0} \times \frac{Q}{100} \\
 \text{(iii)} \quad U &= \frac{R_x(F-F_0)}{F_0} \times \frac{Z}{100} \\
 \text{(iv)} \quad X &= \frac{R_x(E-E_0)}{E_0} \times \frac{S}{100} \\
 \text{(iv)} \quad N &= \frac{R_x(D-D_0)}{D_0} \times \frac{T}{100}
 \end{aligned}$$



- L Amount of Price variation in labour.
- M Amount of Price variation in materials.
- U Amount of Price variation in fuel.
- X Amount of Price variation in explosives.
- N Amount of Price variation in detonators.
- I Gross Value of the work done by the 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 the contractors (such payment will be indicated in the contractor's offer).

- IO - Consumer price Index Number for Industrial workers- All India- Published in R.B.I. Bulletin for the first month of the quarter under consideration.
- IO - Index number of whole sale price-By Groups and sub-groups, All commodities, as published in the R.B.I., Bulletin for the base period.
- I- Index number of wholesale prices-By groups and Sub-groups- All commodities- as published in the R.B.I. Bulletin for the first month of the quarter under consideration.
- 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 - 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 first month of the quarter under consideration.
- E0 -Cost of explosives as fixed by DGS & D in the relevant rate contract of the firm from whom purchase of ex[plosives are made by the contractor for the base period.
- E -Cost 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 first month of the quarter under consideration.
- Do -Cost of detonators as fixed by DGS&D in the relevant rate contract of the firm from whom purchase of detonators are made by the contractor for the base period.





- D -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 first month of the quarter under consideration.
- P - % of labour component.
- Q - % of material component.
- Z - % of fuel component.
- S - % of explosive component.
- T - % of detonators component.

Note:- the index number for the base period will be the Index number as obtained for the month of opening of the tender and the quarters will commence from the month of opening of tender.

The adjustment for variation in prices if required shall be made once every quarter in the on account payment. If more than one on account payment is made to the contractor in a quarter, the adjustment, if required, shall be made in each bill. If the amount of variation in prices, either upward or downward is less than 5% of the amount payable to the contractor (excluding(a) cost of cement, Steel and other items supplied by the Railway to the contractor at a fixed price and (b) specified consultancy charges as per accepted offer, no adjustment shall be made. Further reimbursement/recovery due to variation in price shall be made only for the amount in excess of 5% of the amount payable to the contractor.

Total amount of Reimbursement/Recovery due to variation in prices of the several components shall be limited to 15% (i.e. 20%-5% floor price) of the amount finally payable to the contractor excluding (a) cost of cement, steel and other item supplied by the Railway to the contractor at a fixed price, and (b) specified consultancy charges as per accepted offer.

Price variation during extended period of contract:-

The price adjustment as worked out above i.e. either increase or decrease will be applicable upto the stipulated date of completion of the work including the extended period of completion where such extension has been granted under clause 17 (3) of the General Conditions of Contract. However, where extension of time has been granted due to contractor's failure under clause 17 (4) of the General conditions contract, price adjustment will be done as follow:-

- 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 (3) the price adjustment for the period of extension granted under clause 17 (4) will 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 (3) of the General conditions of contract, as the case may be.
- b) In case the indices fall below the indices applicable to the last month of the original/extended period of completion under clause 17 (3), as the case may be, then the lower indices will be adopted for price adjustment for the



period of extension under clause 17 (4) of the General Conditions of Contact.

The aforesaid ceiling of 15% will however, be applicable whatever may be the actual period of the execution of the contract.

Note: “Material supplied free by the Railway to the contractors will not form part of the value of the contract entered into and will fall outside the purview of the price variation clause”

### **Annexure-II**

Statement showing the percentage of labour components, material components, fuel components, etc. in various type of works.

- |    |   |   |
|----|---|---|
| a) | Earth work contract :-                  |   |
|    | Labour component                        | 55%   |
|    | Fuel component                          | 5%  |
|    | Other material components               | 5%  |
|    | Fixed component.                        | 35% will not be considered for any price variation. |
| b) | Ballast and Quarry Products Contracts:- |   |
|    | Labour Component                        | 45%   |
|    | Fuel component                          | 5%  |
|    | Other material components               | 10%   |
|    | Fixed component.                        | 40% will not be considered for any price variation. |
| c) | Tunneling Contracts:-                   |   |
|    | Labour component                        | 40%   |
|    | Fuel component                          | 5%  |
|    | Explosive component                     | 12.5%   |
|    | Detonators components                   | 2.5%  |
|    | Other material component.               | 5%  |
|    | Fixed component                         | 35% will not be considered for any price variation. |
| d) | Other works contracts:-                 |   |
|    | Labour component                        | 30%   |
|    | Material component                      | 30%   |
|    | Fuel component                          | 5% will not be considered for any price variation.  |
|    | Fixed component                         | 35%   |

Since it is not possible to legislate the above percentages for every type of work, Chief Engineer/Chief Engineer(Con) may vary these percentages in consultation with FA & CAO, FA & CAO (Con) keeping in view the special features and complexities of the



work involved. It should, however, be borne in mind that whatever percentages are to be adopted should be first decided and indicated in the price variation clause to be included in the special tender considerations before floating the tenders so that the tenderers are fully aware of them while quoting their rates.

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## **ANNEXURE- A 9- 2**

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

No. 85/WI/CT/7

New Delhi, dt. 20.1.1987.

**Sub:- General Conditions of Contract - Price Variation Clauses – amendment thereto.**

----

The Railway Board had nominated a Committee comprising Railway Officers to make an in depth study of the existing price variation clause of General conditions of Contract and recommend changes as considered necessary.

2. The Committee has since submitted its Report and based on its recommendations the Board, in partial modification of the existing instructions, have decided the following:-

- i) Price variation clause will not apply if the price variation is upto 5% . Re-imburement/recovery due to variation in prices shall continue to be made only for the amount is excess of 5% of the amount payable to the contractor, as hitherto.**
- ii) Price variation clause should be applicable only to contracts where the stipulated period of completion is more than one year.**

**Price variation clause will however, not apply to zonal contracts as they are normally operative for one year only.**

- iii) The price variation clause may be applicable to contracts valuing Rs. 10 Lakhs and above. However, Chief Engineer will have the discretion not to provide any price variation clause for contracts valuing between Rs. 10 lakhs and Rs. 25 lakhs on account of some special considerations if he deems fit.**

iv) No maximum value for the price variation is to be prescribed.

- v) The fixed cost of the contract value on which no price variation would be permissible may be kept at 15% of the value of the contract.**



- vi) For all extensions of time granted to the stipulated date of completion of work, the price variation clause will be applicable except extension(s) granted under clause (17)(4) of General Conditions of contract, in respect of the contracts where time was the essence of the contract.
- vii) Revised guidelines for the percentage component of labour, material, fuel etc. in the general category of contract being executed by Railways are given in the Annexure. Chief Engineer will, however, have the discretion to vary those percentages, if required, in consultation with FA & CAO on account of nature of the work.
- viii) The price variation should be based on the average price index of the 3 months of the quarter instead of the price index of the first month of the quarter under consideration.
- ix) The demands for escalation of the cost may be allowed on the basis of provisional indices made available by the Reserve Bank of India. Any adjustment needed to be done based on the finally published indices is to be made as and when they become available.
- x) Before calling for tenders the approval of an Officer not below the rank of SA Grade should be obtained who will satisfy himself about all the pre-requisites required for calling tenders having been fulfilled. He will particularly look into the reasonableness of the period provided for the completion of the work.
1. This has the sanction of the President.
  2. The Board desire that the above provision should be made applicable to all contract entered into on or after 1.4.87.
  3. This issues with the concurrence of the Finance Directorate of the Ministry of Railways.

**Sd/-**  
**(J.S.Mundry)**  
**Executive Director, Civil Engg.**  
**Railway Board.**

#### ANNEXURE

Statement showing the percentage of labour components, material components, fuel components, etc. in various types of works.

<u>(A) Earthwork Contracts.</u>	<u>Existing</u>	<u>Proposed.</u>
Labour component	55%	50%
Fuel component	5%	20%



Other material component	5%	15%
Fixed component	35%*	15%
<b>B) <u>Ballast and Quarry Products Contracts.</u></b>		
Labour component	45%	55%
Fuel component	5%	15%
Other material component	10%	15%
Fixed component	40%*	15%
<b>C) <u>Tunneling Contracts</u></b>		
Labour component	40%	45%
Fuel component	5%	15%
Explosive component	12.5%	15%
Detonators components	2.5%	5%
Other material component	5%	5%
Fixed component	35%*	15%
<b>(D) <u>Other Works Contracts:</u></b>		
Labour component	30%	30%
Material component	30%	40%
Fuel component	5%	15%
Fixed component	35%*	15%

\*Will not be considered for any price variation.

Since, it is not possible to legislate the above percentage for every type of work, Chief Engineer/Chief Engineer (Construction), may vary these percentages in consultation with FA & CAO & CAO (Const.) keeping in view the special features and complexities of the work involved. It should, however, be borne in mind that whatever %age are to be adopted they should first be decided and indicated in the price variation clause to be included the special tenders Conditions before floating the tender so that the tenderers are fully aware of them while quoting their rates.

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### **ANNEXURE- A 9- 3**

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

**No. 80/WI/CT/10  
Sub:- Price Variation Clause.**

**New Delhi, dt. 16.3.1988.**

Ref:- Your letter No.DCW/WW/WA-II/8/30 dated 16/21.7.87.



With reference to your letter quoted above, it is state that instructions issued regarding price variation clause vide Board's letter of even number dated 25.4.80 have been amended vide Board's letter of even number dated 20.1.87. However, it is clarified that **if the rates quoted in negotiated tender are accepted, it is logical that the base month for Price Variation Clause is the month in which negotiations are held. This, however, is required to be clarified in the tender conditions or in negotiations.**

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

Sd/  
(Arimardan Singh)  
Jt.Diurector Civil Engg.(G)  
Railway Board.

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### **ANNEXURE- A 9- 4**

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

No. 85/WI/CT/7

New Delhi, dt. 17.7.1990.

**Sub:- Price Variation Clause.**

Ref:- Your CE's D.O. No.W/362/0/BG dated 17.3.89.

Reference is invited to para 2(i) of the Board's letter of even number dated 20.1.87 which is reproduced below:-

“Price Variation Clause will not apply if the price variation is upto 5%. Re-imbusement/recovery due to the variation in prices shall continue to be made only for the amount in excess of 5% of the amount payable to the Contractor, as hitherto”.

It is accordingly clarified that **rise in cost upto + 5% is not to be paid/recovered and escalation beyond this is only payable. This escalation is to be worked out as per given formula taking into consideration the price index prevalent at the time of calculating the price variation. In this regard please also refer to this office letter of even number dated 20.1.87 P.V.C. would always be reckoned with reference to value of work done.**

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

Sd/  
(S.M.Singla)  
Executive Director Civil  
Engg.(G)



Railway Board.

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## **ANNEXURE- A 9- 5**

**Copy of letter No. 85/WI/CT/7-Vol.I dt. 04.04.96 from Shri Ved Prakash, Executive Director, Civil Engineering (G), Railway Board. To The General Managers and others.**

**Sub: General Conditions of Contract-Price Variation Clause-Amendment thereto.**

**Ref: Railway Board's letters No.80/WI/CT/10 dt. 25.4.80 and No.85/WI/CT/7 dt. 20.1.87.**

Instructions regarding inclusion of Price Variation Clause in the contract were issued vide Railway Board's letter No.80/WI/CT/10 dt. 25.4.80. According to this, the maximum value of Price Variation payable was fixed at 15% ( i.e. 20% - 5% floor price). As a result of the deliberations of the committee in 1987, the 15% ceiling was removed as per Railway Board's letter No. 85/WI/CT/7 dated 20.01.87 though Price Variation Clause would not apply for the first 5%.

The question of provision of a ceiling has been re-examined by the Board and it has been decided to **introduce a ceiling on the Price Variation Clause as follows:-**

**1. Price Variation Clause will not apply if the price variation is upto 5%.** Reimbursement/recovery due to variation in prices will continue to be made only for the amount in excess of 5% of the amount payable to the contractor.

**a) Contracts upto One year:**

**No price variation clause, should be provided** as it is presumed that the contractor will take care of the Price Variation while quoting his rates.

**b) Contracts between 1 to 2 years duration:**

The total amount of reimbursement /recovery due to variation in prices of the several components **shall be limited to 10% (15% - 5% floor price)** of the amount finally payable to the contractor subject to Note below:

**c) Contracts of more than 2 years duration:-**

The total amount of reimbursement/recovery due to variation in prices of the several components shall be limited to 20% (25% - 5% floor price) of the amount payable to the contractor subject to the Note below:

**NOTE:- (1) Material supplied free by Railway to the contractor will fall outside the purview of Price variation clause.**

2. Duration of the contract shall be prescribed in the tender documents at the time inviting tenders and will not include the extended period due to extension if any given. Period of completion of works provided should be reasonable and approval at SAG level should invariably be taken.



**The Board desire that the above provisions should be made applicable to all tenders invited on or after 1.5.1996.** Only relevant provision of Price Variation Clause as amended now should be incorporated into the tender/contract documents.

Other provisions as contained in Board's letter No.80/WI/CT/10 dt. 25.04.80 and No.85/WI/CT/7 dt., 20.1.1987 will remain enforceable.

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

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**ANNEXURE- A 9- 6**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

**No. 95/RS(G)/363/1**

**New Delhi, dt. 31.8.2001**

The General Managers, All Indian Railways  
including CLW, DLW, ICF, RCF & W&AP.

The Officers on Spl. Duty,  
East Coast Railway, Bhubaneshwar,  
East Central Railway, Hajipur,  
North Central Railway, Allahabad.  
North Western Railway, Jaipur.  
South Western Railway, Bangalore,  
West Central Railway, Jabalpur,  
New Railway Zone, Bilaspur,  
The General Manager(Const.)  
N.F.Railway, Guwahati.  
CAOs(Const.), All Indian Railways (except NF Railway)  
The Director General, RDSO, Lucknow.  
The General Manager,  
Central Organization for railway Electrification, Allahabad.  
CAO, MTP/Mumbai, Chennai & Calcutta.  
CAO/DCW, Patiala and COFMOW, New Delhi.

**Sub: Government Price/Purchase Preference Policy- Grant of benefits to SSIs/PSEs.**

Ref: Board's letter of even no. dated 26.5.89.

\*\*\*\*\*

Board had issued **instructions to Rlys./PUs to invariably incorporate a clause on price/purchase preference in the tender document/notice inviting tender.** It appears that this clause has not been incorporated in the tender document by the Railways/PUs. The following clause may be incorporated in the Notice inviting tenders and Tender document:





“The purchaser reserves the option to give a purchase/price preference to the offers from Public Sector Units and/or from small Scale Cottage Industries Units over those from other firms, in accordance with the policies of the Govt. from time to time. The price preference above cannot however, be taken for granted and every endeavour need be made by them to bring down cost and achieve competitiveness.”

“Government have decided to extend the policy of purchase preference for products and services of Central Public sector undertakings for two more years i.e. up to 31.3.2002 with the existing parameters except that the minimum value of purchase as specified in the scheme may be Rs. One crore instead of Rs. 5 Crore as specified in DPE/OM dated 31.10.07. The provisions relating to purchase preference should be specified in the “Notice Inviting Tender” (NIT) in each case. It has also been decided that the public enterprises which avail benefit of the purchase preference should be subjected to adequate penalties for cost over-runs etc.”

This letter may be acknowledged and compliance reported to Board.  
This issues with the concurrence of Finance Dte. of Ministry of Railways.

Hindi version will follow.

**Sd/-**  
**Dy. Director, Rly. Stores(G)**  
**Railway Board**

**No. 99/RS(G)/363/1**

**New Delhi, dt. 30.8.2001**

Copy to :

The COSs, All Indian Railways,/Production Units.  
The COS, Konkan Rly. Corporation Ltd. Rail Bhawan, New Delhi.  
FA & CAO, All Indian Railways & Production Units.

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**ANNEXURE- A 9- 7**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES**  
**DEPARTMENT OF PUBLIC ENTERPRISES**

PUBLIC ENTERPRISES BHAVAN  
BLOCK NO. 14, CGO COMPLEX,  
LODI ROAD,  
New Delh.

June 14, 2002.

**OFFICE MEMORANDUM**



**Sub: Purchase preference for products and services of central public sector enterprises.**

\*\*\*\*

Government have decided to extend the existing **purchase preference policy for products and services of central public sector enterprises (CPSEs)** for two more years from 1.4.2001 to 3.3.2004. **Under the policy, if the price quoted by the public sector enterprise is within 10% of the lowest price in a tender, other things being equal, purchase preference may be granted to the CPSE concerned at the lowest valid price bid.** The policy has the following provisions:

- i) The 10% purchase preference would be extended to tenders/NIT of rupees five crores and above.
- ii) CPSEs registered under the Companies Act 1956 and statutory CPSEs will be eligible for purchase preference as before. Joint venture companies where holding of Government and/or CPSEs is 51% or more and joint ventures which are subsidiaries of CPSEs with CPSEs holding 51% equity or more will also be eligible for purchase preference.
- iii) A minimum value addition of 20% by the CPSEs/Joint Venture Units by way of manufacture and/or services would be a prerequisite for availing purchase preference.
- iv) Ministries/Departments/CPSEs and autonomous bodies under Central Government will continue to grant purchase preference to CPSEs.
- v) Purchase preference will also be available to only those privatized CPSEs where specific Government approval has been accorded for the specific periods from the date of
- vi) Respective Ministries/Departments/autonomous bodies/CPSEs will be responsible for implementing the Purchase Preference Policy.
- vii) As per the existing policy the provisions relating to purchase preference should be specified in the Notice Inviting Tender (NIT) for rupees five crores and above. For any deviation including exclusion of the purchase preference clause from the NIT, it will be obligatory for the concerned Ministry/ Department/ CPSEs/ autonomous bodies to obtain prior exemption from the Cabinet in consultation with the Department of Public Enterprises.
- viii) Other provisions of the purchase preference policy remain unaltered.

**Sd/-**  
**(Dt.ANISH MADAN)**  
**Joint Adviser**

To:

Secretaries in all Ministries/Departments of Government of India.  
Cabinet Secretariat, Reshtrapati Bhawan, New Delhi.



Chief Economic Adviser, Department of Economic Affairs, Ministry of Finance,  
North Bldg. New Delhi.

Chairman, Tariff Commission, 7<sup>th</sup> Floor, Lok Nayak Bhava, Khan Market, New  
Delhi-110003.

Dy. C&AG-cum-Chairman, Audit Board, New Delhi.

Principal Director of commercial Audit and ex-officio Member, Audit Board, New  
Delhi.

All Chief Executive of the CPSEs.

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**ANNEXURE- A 9- 8**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**

No. 85/WI/CT/7 Pt.

New Delhi, dated 25.10.2002

Addressed to : As per list attached.

**Sub: Price Variation Clause (PVC)- Admissibility during extended period of contract.**

Ref: i. Board's letter no. 85/WI/CT/7 dated 4.4.96.

Some of the Railway have sought clarification regarding the applicability of PVC during the extended period of contract and its ceilings i.e. the total amount payable/recoverable on account of price variation as given in Board's letter referred above. The matter has been considered carefully and it is clarified that :-

**Price Variation is payable/recoverable during the extended period of the contract also, provided the Price Variation Cause was part of the original contract and the extension has been granted on administrative ground i.e. under Clause 17-A(i), (ii) and (iii) of GCC. Further, the total amount payable/recoverable would be restricted to the ceilings as applicable for the original completion period provided in the contract agreement.**

This is issued with the concurrence of Finance Dte. of Ministry of Railways.

**(PARMOD KUMAR)**  
**Executive Director, Civil**  
**Engineering(G)**  
**Railway Board**

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**ANNEXURE- A 9- 9**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAYS**  
**(RAILWAY BOARD)**



NEW DELHI.

No.2003/CE-I/CT/18  
(As per List attached)

New Delhi, dated 17.12.2003

**Sub:- General Conditions of Contract –Price Variation Clause for Track Renewal Works with Contractor’s PQRS Portal Machines.**

**Ref:- Railway Board’s letters (i) No.85/W1/CT/7 dated 20.1.1987 and (ii) 80/W1/CT/10 dated 25.4.1980.**

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1. Based on suggestions received from some of Zonal Railways, Board have approved to award Track Renewal Works on Works Contract basis with contractor’s portal cranes and decided that following percentage of different components for working out the Price Variation Clause on provisional basis.

(a)	Labour Component	50%
(b)	Fuel Component	12.5%
(c)	Other Material Component	12.5%
(d)	Fixed Component.	25%

2. Para 1 Above may be incorporated as Para ‘D’ and the existing para ‘D’ be renamed as Para ‘E’ in the Annexure to Board’s letter referred at (i) above. All other terms and conditions on the subject remain unchanged.

3. The Railway may compile more reliable data of expenditure on variation components in regard to PQRS Machines still to be operated departmentally. In addition, Railways need to be guided by the actual annual charge on account of cost of machine factored in the offer by the vendor. A Report as to how this Clause has worked may be sent by the Railways within a year’s time with recommendations/suggestions, if any, so that the price variation formula could be suitably modified in the light of experience gained.

4. The Price Variation Clause will be applicable from prospective date in all future Contracts only.

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

Sd/-  
(PARMOD KUMAR)  
Exec. Director, Civil Engg.(G)  
Railway Board.

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**ANNEXURE- A 9- 10**

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



No. 85/WI/CT/7/Pt.I

New Delhi, dt. 18/19.4.2006

Addressed to : As per list attached.

**Sub:- General Conditions of Contract – Price Variation Clause (PVC) – Amendment thereto.**

Ref:- (i) Board's letter No. 80/W1/CT/10 dated 25.04.1980.

(ii) Board's letter No.85/W1/CT/7 dated 20.01.1987 and 04.04.1996.

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References had been received from various Railways **seeking modification in the existing Price Variation Clause in Works Contracts as a result of sharp rise in the prices of Steel and cement** during the last few years. The matter has been considered and Board have decided as under:

**i) Prices of Steel and Cement are to be linked with the Wholesale Price Index of the respective subgroups as per RBI Index Numbers.** Henceforth, the formula for calculating the amount of variation on account of variation in prices of Steel and Cement would be as indicated below :

$$Ms = R \times (Ws - Wso) / Wso$$

$$Mc = R \times (Wc - Wco) / Wco$$

Where

Ms= Amount of price variation in material (Steel)

Mc= Amount of price variation in material (Cement).

R = Value of Steel or Cement supplied by Contractor as per on account bill in the quarter under consideration.

W<sub>SO</sub> = Index No. of Wholesale Price of subgroup (of Steel and Iron) as published in RBI Bulletin for the base period.

Ws= Index No. of Wholesale Price of subgroup (of Steel and Iron) as published in RBI Bulletin for the First month of the quarter under consideration.

W<sub>CO</sub>= Index No. of Wholesale Price of sub-group ( of Cement) as published in RBI Bulletin for the base period.

Wc= Index No. of wholesale price of subgroup ( of cement) as published in RBI bulletin for the first month of the quarter under consideration.

(ii) In view of the fact that the price variation of steel and cement would be calculated separately, material component should get reduced in the general PVC formula. It has, therefore, been decided to reduce the percentage of material component from 40% to 25% and increase the fixed component from 15% to 30%. Boards letter No. 85/WI/CT/7 dated 20.1.1987 would stand amended to the extent. The proportion of different components to be adopted in



the revised formula for calculating price variation under “Other works Contracts” is amended as under:-

Components	Existing Percentage	Revised Percentage
Labour component	30%	30% ( no change)
Material component	40%	25%
Fuel component	15%	15% ( no change)
Fixed component	15%	30%

There would be no change in the Percentages of different components in contracts of other category, namely, Earthwork, Ballast Quarry products and Tunneling.

(iii) The revised weightage would be applied on the value arrived at after deducting the cost of Steel & Cement from the total contract value.

- (iv) The tender schedule should have separate items for ‘ Supply of Steel’ and, ‘Supply of Cement for RCC/PSC work to know the cost of steel and cement actually consumed at any given point of time.
- (v) Payment/recovery on account of variation in price shall continue to be restricted to the ceiling of 10% ( 15-5) AND 20% ( 25-5) as the case may be , laid down in Board’s letter no. 85/WI/CT/7 dt. 04.04.1996.
- (vi) There will be no change in other provisions contained in Board’s letter No. 80/WI/CT/10 dated 25.04.1980, No. 85/WI/CT/7 dated 20.01.1987 and No.85/WI/CT/7 dated 04.4.1996.
- (vii) The contract agreements should clearly indicate that price variation implies both increase as well as decrease in input prices and therefore, price variation during the currency of the contract may result in extra payment or recovery, as the case may be.
- (viii) These provisions shall be applicable with prospective effect.
- (ix) This issues with the concurrence of Finance Directorate of the Ministry of Railways.

Sd/-  
( N.K. Sinha)  
Exe. Director, Civil Engineering (G)  
Railway Board.

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## **10.0 Termination of Contracts**



## ANNEXURE – A 10-1

Copy of Board's letter No.78/W1/CT/37 (Rev.Comm.) dated 19<sup>th</sup> Jan., 1979, addressed to GMs/All Indian Railways etc.

**Sub: Review Committee on arbitration – Recommendation of –**

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In pursuance of Public Accounts Committee's recommendation No.41 (Para 7.37) of the 126<sup>th</sup> Report (Vth Lok Sabha), the Ministry of Railways (Railway Board) constituted the 'Review Committee' under the chairmanship of Shri N.K.Mehra, ex-additional Member, Works, Railway Board, with two other Members, in order to improve the existing procedure on Railways in regard to settlement of contractors claims so as to avoid litigation/arbitration.

The Committee's report, since received, contains certain recommendations. One of the recommendations which deals with 'termination of contract' and accepted by the Board is reproduced below for compliance.

### **Termination of Contract:**

- 4.81 It is seen that a **large number of contracts have been terminated when the progress of the work was in an advanced stage.** We were shown cases where the contracts have been terminated when the work was more than 90% complete. In fact these contracts are terminated not because of the incapacity of the contractor to do the work but because of certain disputes having arisen during the progress of the contract which ultimately led to stoppage of work.
- 4.82 To avoid such cases we recommend that whenever it is proposed to terminate a contract which has sufficiently advanced or whenever a contract is running into trouble **a departmental committee may be appointed to discuss the progress of the contract with the contractor with a view to ascertaining as to what his problems are and recommend measures to solve these problems to the extent possible** even on a temporary basis pending arbitration. It may be possible to avoid termination of contract in some cases by this method."

The receipt of this letter may please be acknowledged.

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## ANNEXURE – A 10-2

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

No. 95/CE-I/CBL/Misc.

New Delhi, Rail Bhawan,



**Dated: 7.11.1997**

To,

All GMs/Zonal Rlys., GM(Constn.)/N.F.Rly.  
CEs/Zonal Rlys., CAO/C of all Zonal Rlys. except NF Rly.

**Sub: Execution of extra item of work against existing contracts without finalization of rates.**

It has come to notice that in a contract case on a Zonal Rly. a large number of items, not covered in original schedule of items of contract, were executed due to urgency of work, without finalization of rates with the contractor. In this case, the work was got done and 100% provisional payment was also made to the contractor.

After the completion of work, the efforts to settle rates of extra items after negotiations with the contractor failed to elicit proper response from the contractor. the scrutiny of case has revealed that contractor was paid much in excess than what was actually due. In this case Railway has sustained a heavy loss.

Thus, it has been decided that in future:

**No contractor shall be permitted to undertake any extra work without finalisation of rates.**

**No provisional payment shall be allowed against such extra items.**

**This may be given wide publicity among the field units.** The receipt of the letter may please be acknowledged.

Sd/-

(V.K.BAHMANI)

**Executive Director, Civil Engg. (G)**

**Railway Board**

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**ANNEXURE – A 10-3**  
**GOVERNMENT OF INDIA**  
**MINISTRY OF RAILWAYS**  
**RAILWAY BOARD**

**No.99/CE-1/CT/28.**

**New Delhi, Date:24-5-2001.**

The General Manager,  
Central Railway & Others.





**Sub: General Conditions of Contract – Termination of contract under Clause 62 & procedure for revival.**

One of the Railways had sought certain clarifications regarding the operation of Clause 62 of GCC for termination of contract and the revival. The clarifications are as under:

**i) REVIVAL OF THE CONTRACT WITHIN 48 HOURS:**

In this context, it is clarified that the **contract is alive till the Notice of termination is issued.** As such, there is no need of its revival during this period. **Notice may be withdrawn if the contractor is able to demonstrate his earnest intention to restart the work to the satisfaction of the competent authority.**

**ii) REVIVAL OF THE CONTRACT AFTER EXPIRY OF 48 HOURS AND ISSUE OF TERMINATION NOTICE:**

**Once the formal notice of termination has been issued, revival of the contract, even if on the same terms and conditions, is possible only as a single tender, and would require the observance of all relevant orders relating to such tenders.**

This issue with the approval of the Finance Directorate of this Ministry.

Sd/-  
(PRAMOD KUMAR)  
Executive Director,  
Civil Engg. (G)  
Railway Board.

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**ANNEXURE – A 10-4**

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

**No. 99/CE-I/CT/28(PT)**

**Policy letter No. RB/CE/6/2  
New Delhi, dated 17/5/2004**

(AS PER LIST ATTACHED)

**Sub: Termination of contract – effect of non performance by the contractor within the validity.**

A doubt has been raised by one of the Zonal Railways as to whether a contract is required to be necessarily terminated even after the expiry of the date of completion, in the event the contractor has not sought for extension and the Railway has not taken necessary action for terminating the same within the validity period.



The issue has been examined in detail in Board's office. **In normal circumstances, no such contingency should arise and the contract signing authority is expected to take necessary action well in time. However, in very rare cases, the reasons for which should be recorded, if such an eventuality does arise, it is advised that a notice (sample copy enclosed) claiming damages also for the failure on the part of the contractor should be issued to the contractor who has not sought/is not willing to seek extension even after the expiry of the date of completion, and the contract has ceased to exist with effect from the date of expiry; original or extended as the case may be.**

This issues with the concurrence of the Legal and Finance Directorates of the Board.

Sd/  
(PARMOD KUMAR)  
EDCE(G)

**Railway**  
**CONTRACT TERMINATION NOTICE**

**NO.**

Office of the  
GM/PCE/CAO ( C )  
Dated:

Sub: \_\_\_\_\_

Dear Sir,

1. In terms of the conditions of contract agreement No. \_\_\_\_\_ dated \_\_\_\_\_ governing the execution of the above work, it was required to be completed by the stipulated date of completion/mutually extended date of completion viz. \_\_\_\_\_. You have failed to complete the work by the agreed date of completion. You have also failed to apply for further extension of period of completion on valid and reasonable grounds as acceptable to the Railway. Due to your failure to fulfil your contractual obligations, the contract stands terminated with effect from date of completion of the contract i.e. \_\_\_\_\_ ( date)
2. Please note that for non fulfillment of the contract the Railway reserve the right to claim damages under clause 62 of the General Conditions of Contract in addition to any other rights available to it under the law.
3. Final measurements of the work done by you shall be recorded on (date) \_\_\_\_\_. Please arrange to be present at site to witness and also sign the measurements, failing which the work will be measured in your absence and such measurements as per provisions of the contract



agreement shall, notwithstanding such absence, be binding upon you, whether or not you shall have signed the measurement book.

Yours faithfully,

For & on behalf of the President of India.

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### **ANNEXURE – A 10-5**

**Letter No.99/CE.I/CT/28 dated 6-10-99 from EDCE(G), Rly. Board.**

**Sub: General Conditions of Contract – Termination of contract under clause 62 and procedure for revival.**

The Ministry of Railways (Railway Board) have decided that Clause 62 of the General Conditions of Contract may be amended / added as shown in the enclosed Correction Slip No.1 (one).

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

Receipt of this letter may please be acknowledged.

DA: As above.

Sd/-  
**EDCE(G), Railway Board**

**Letter No.99/CE.I/CT/28 dated 6-10-99 from EDCE(G), Rly. Board.**

### **Correction Slip**

**Sub: General Conditions of Contract – Termination of contract under clause 62 and procedure for revival.**

**Ministry of Railways (Railway Board) have decided that Clause 62 of the General conditions of contract may be amplified as under:-**

**After the words” after the contract as a whole or in part or parts ( as may be specified in such notice)” appearing in para XIII ‘e’ the following may be added.**

**“ and after expiry of 48 hours notice, a final termination notice ( proforma as Annexure (V) should be issued .”**

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## **11.0 Risk and Cost**

### **ANNEXURE-A 11- 1**

**Copy of Letter No.88/CE.I/CT/31 dt. 01.6.88 from Shri J.S. Mundrey, Executive Director, Civil Engg, Railway Board to All General Managers & Copy to others.**

**Sub: Loss on account of failure to observe the provisions for enforcement of risk action.**

A case has come to the notice of the Board wherein a contractor 'A' was awarded six contracts valued at Rs. 13.60 lakhs; five for collection of ballast alongside the track and one for battery relay rooms at 4 stations – in 1981. However, in view of his very poor performance, all the contracts were terminated in April, 1983 at his risk and cost. For the left over works open tenders were invited in which the rates of the contractor 'A;' were found to be the lowest. His offers were, however, not considered on the ground that he had failed in the previous contracts. All the contracts are, therefore, awarded to other contractor, involving an extra cost of Rs.9.5 lakhs deemed to be recoverable from the contractor 'A'.

However, the legal advice obtained by the Railway in December, 1984 showed **the risk action against the default contractor could not be sustained in the Court of law because.**

- (i) **The defaulting contractor was not given an opportunity to participate in the risk tender in order to enable him to mitigate his losses.**
  - (ii) **A contractor could not be prevented from competing in public tenders on the advice of Chief Engineer unless he was black listed.**
  - (iii) **In the case of one tender (for Battery Relay rooms) at Chickjajur the personal approval of the Chief Engineer for rejecting his offer was not taken.**
3. **Therefore, in December 1984 the Railway Administration decided to finalize all the terminated contracts of contractor 'A' without any risk action, enforcing only a token penalty.**
  4. **Thus, due to various procedure lapses as highlighted in the legal opinion, the Railway Administration had to forego their claim towards the risk action.**
  5. **Board have taken a serious view of the matter and desire that there should, not be any recurrence of such cases due to the procedural lapses, as highlighted in the legal opinion. In such cases, legal opinion, if necessary may be taken, before deciding the risk contract.**

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### **ANNEXURE-A 11- 2**



**Copy of Letter No.88/CE-I/CT/31 dt. 29.01.96 from Shri Ved Praksash, Executive Director, Civil Engg (G), Railway Board to All General Managers & Copy to others.**

**Sub: Loss on account of failure to observe the provisions for enforcement of risk action.**

Ref: Board's letter no. 88/CE-I/CT/31 dt. 01.06.88.

Instructions were issued by the Board vide above referred letter for observing the provisions for enforcement of risk action.

A case has come to the notice of the Board where a risk and cost tender was floated and awarded to other contractor. The tenders were called by adopting open tender system and the tender notice was not sent to the original contractor at whose risk and cost the tenders were invited. **As per legal advice obtained from the legal Directorate of Railway Board, notice of risk tender irrespective of whether it was open or limited tender should have been served on the defaulting contractor so that it would have been in his knowledge that it was a tender at his risk and cost against the contract rescinded earlier. It is also required to be ascertained that there should, not be any change in the scope of the work and the quantities of left-over work and the conditions for risk tender should be identical with that of original tender.**

Board desires that there should not be any recurrence of such cases due to procedural lapses as highlighted above. In such cases, legal opinion, if necessary may be taken before the risk contract.

Please acknowledge receipt.

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### **ANNEXURE-A 11- 3**

**Copy of Letter No.88/CE-I/CT/31 dt. 23.05.01 from Shri Parmod Kumar, Executive Director Civil Engg (G), Railway Board to All General Managers & Copy to others.**

**Sub: Loss on account of failure to observe the provisions for enforcement of risk action.**

Ref: Board's letter no. 88/CE-I/CT/31 dt. 01.06.88.  
Board's letter no. 88/CE-I/CT/31 dt. 29.1.96.

Instructions had been issued to the Railways regarding risk and cost tenders and participation in the same by the defaulting contractor vide the letters referred above. Some of the Railways have represented that in case a contractor, whose contract was



terminated, participates again in a risk and cost tender and his tender happens to be the lowest, award of tender in favour of such a contractor may not serve any purpose.

The matter has been carefully considered by the Railway Board and it has been decided as under:

**The defaulting contractor has to be given an opportunity for participating in a risk and cost tender in order to enable him to mitigate his losses keeping in view the spirit of natural justice. It is, however, for the Tender Committee to consider all aspects of the case such as the contractor's capacity, credentials, financial status and changes in the relevant circumstances which might have taken place in the intervening period of award/termination of the earlier contract and opening of risk and cost tender, while deciding the award of the contract. In this connection, reference is also invited to the relevant provision of the Engineering code wherein it is specified that no work or supply should be entrusted for execution to a contractor whose capacity, credential and financial status have not been investigated before hand and found satisfactory.**

This issues in consultation with the Finance Directorate of Ministry of Railways.

This dispenses of General Manager/South Eastern Railway's D.O. letter no. A/7/W/44/Pt.XVI /000269 dt. 23.1.2001.

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## **ANNEXURE – A – 11 - 4**

**GOVERNMENT OF INDIA  
Ministry of Railways  
(Railway Board)**

**No.2003/CEI/CT/4/Pt.I**

**New Delhi, 23.11.2007.**

Addressed to,  
As per list of 'A' attached.

**Sub:- Procedure for finalizing Risk and Cost Tenders.**

Board have reviewed the extant instructions regarding the procedure to be followed for finalizing Risk and Cost Tenders, governed by earlier stipulations of GCC i.e. prior to issue of Board's letter No.2003/CEI/CT/4 (PT.I) dated 16.5.06 in consultation with Legal Adviser of the Ministry of Railways and have decided that from henceforth the following procedure be followed for finalizing such Risk and Cost Tenders in supersession of Board's letter No.88/CEI/CT/31 dated 29.1.1996.



- (a) The provision of Clause 62(y) of GCC should be the guiding principle for Risk and Cost Tenders.
- (b) The failed contractor should be notified about the Risk and Cost Tender and in case he applies for the Risk and Cost Tender, the tender forms shall be issued to him.
- (c) In case, the failed contractor participates in the Risk and Cost Tender, his offer may be considered on merit based on his capacity, credentials and financial status as obtaining at the time of finalizing such a tender to do the balance work.
- (d) If the Tender Committee considers the offer of the failed contractor as the lowest acceptable offer on the basis of criteria indicated in para (c) above, then he may be awarded the work subject to the following conditions.
  - (i) He should furnish a Performance Guarantee at 10% of the contract value before the agreement is executed.
  - (ii) The Security Deposit shall be recovered only from the running bills and no Bank Guarantee in lieu of Security Deposit can be accepted.
  - (iii) In case, he fails to execute the work for the second time, the Performance Guarantee would be encashed and he would be debarred from participating in the subsequent tender for completing the balance work.

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

Please acknowledge receipt.

Sd/-  
**EDCE(G), Railway Board**