STC

Charbagh, Lucknow

Topic -1

- Contract elements
- Essentials of contract
- Estimate
- Type of contract

Contract Elements

- An agreement enforceable by law is called contract.
- It follows a proposal from one party and its acceptance by other.
- An agreement by a person or firm to do some work under certain terms and conditions.
- Work may be for construction or maintenance and repair, supply of material/labour.

Essentials of a Contract

- Following are main requirements of valid contract:
- Legally competent parties
- Free consent of parties
- A lawful subject matter
- Proper and valid consideration
- Meaningful contract in writing signed by both parties

Estimate

An estimate is a statement prepared to gauge an idea of expenditure to be incurred on a work in order to obtain sanction of the competent authority and also to see that the work is financially justified.

- This estimate is to be signed by the Branch Officer and sent to Associate Finance for concurrence.
- A copy of the estimate as verified by the Accounts Officer together with his note should be submitted to the authority to sanction the estimate.

Estimate

- No work should be commenced until detailed estimate is sanctioned & funds are available.
- Splitting of large work in to small works should be avoided. (Board letter No. 2004/ dated 21.06.2004)
- Vetting of tender schedule by account is necessary PVC should be included for tenders of value more than 50 lakhs. (Board letter No. 2008/ CE-I/ CT/Con/ 7 dated 15.12.2008)

Type of contracts

Works side

- Lump sum contract
- Schedule contract
- Piece work contract

Store side

- Rate contract
- Running contract
- One delivery contract

Lump sum contract

It is a contract under which the contractor engages to carry out a work or effect supply as specified and within a given period for a fixed total sum. His receipt of this sum being dependent in his completing the work or supply to specification and time, irrespective of the actual quantities and kinds of work done or material supplied in achieving his result.

Schedule contract

It is a contract under which the contractor engages to carry out a work or effect supply as specified and within a given period at fixed unit price or price for each of the item comprising such work. His receipt of this sum being dependent on actual quantities and kinds of work done in his completing the work done or material supplied in achieving his result.

Piece work contract

This means a contract under which the unit rate or price for various kind of work or material are agreed upon, without reference to either to total quantity of work to be done or material to be supplied within a given period.

Rate contract

The rate contract is a contract under which during the period of its currency, the contract engages to supply material on demand , irrespective of quantity at fixed unit rates within a given period of receipt the unit rate or price of such demand. The contract is purely a rate agreement within certain stock obligation on the supplier.

Running contract

The running contract is one under which during the period of its currency, the contract engages to supply and other party to take a specified quantity of materials as and when ordered at fixed unit rates or price within a given period of receipt of such demand.

One delivery contract

This means a contract for definite quantity of material to be delivered on definite date. This type of contract is resorted to only for obtaining material liable to big fluctuations.

Topic -2

- Schedule of powers
- Works programme
- What is a tender
- Objective of tendering
- Type of tenders

Schedule of power for approval of work

S. N.	Nature of power	PHOD/ CHOD/ HOD	DRM/ADRM/SAG	Div. ,Extra Div. & Officers in HQrs
1	To accord administrative approval to A) Lump sum (i) Passenger Amenities	PHOD/ CHOD Up to Rs.2.5 Cr.	DRM up to Rs. 2.5 Cr	Nil
2	(ii) S&T Works	1 Crore	DRM Rs. 1 Crore CWM (in SAG) Rs 1 Crore for PH 42 only DRM Rs. 20 lakhs in each case.	Nil

Schedule of power for approval of work

S. N.	Nature of power	PHOD/ CHOD/ HOD	DRM/ADRM/SAG	Div. ,Extra Div. & Officers in HQrs
3	Machinery & Plant costing not more than Rs. 50 lakhs each	PCME Up to Rs. 50 lakhs	DRM/CWM (in SAG) Up to Rs. 20 Lakh in each case	SG/JAG Up to Rs. 10 lakhs

Works Programme

- Works Programme is submitted to Railway Board 18 months in advance in respect works chargeable to Capital, Depreciation Reserve Fund, DF, OLWR and Capital Fund, Railway Safety Fund, Special Railway Safety Fund, under Demand 16.
- Works Programme is submitted in two stages viz, Preliminary Works Programme and Final Works Programme. Works-in-progress and New Works are shown separately.

Works Programme

- No new work should be included unless it has already been approved either on the basis of plans and estimates, justification and financial appraisal or otherwise.
- Preliminary Works Programme is initiated at the Divisional/Unit level in the month of June/July every year and submitted to Railway Board in September each year. After discussion with General Managers, Railway Board decides the works to be included in the Final Works Programme.
- The Works Programme is prepared under each Plan Head.

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What is a Tender

Tender is a sort of bid or offer made by a contractor for execution of certain work or supply of materials for specified work under specified conditions with prescribed time limit. Generally, when the value of the work exceeds Rs. 2 lakhs, it should be processed through tender procedure.

What is a Tender

First, estimated cost of work should be worked out. This can be arrived at on the basis of last accepted rates (LAR) or budgetary quotations. A detailed justification should be made and administrative approval for the work should be accorded by the authority competent to do so after thorough examination of the necessity, utility and financial aspects..

Objectives of Tendering

- To get most economic/competitive rates for activities of prescribed quality standards.
- Getting works done through external agency within target date.
- Procurement of materials/machines/equipments of specified quality from manufacturers/traders.

Objectives of Tendering

- Highest rate for commercial activities being outsourced while maintaining reasonable standard of service to customers.
- Equity in selection

Types of Tenders

- Open Tender (OT)
- Two-packet Tendering system
- Single Tender
- Limited Tender (LT)
- Special Limited Tender (SLT)
- Bulletin Tender
- Quotations

Open Tender

System of invitation of tender by public advertisements in most open public manner. 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.

Two-packet system of Tendering

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.

Two-packet system of Tendering

The Qualifying Criteria in the tender documents should be defined duly concurred by FA&CAO & approved by GM. Care should be taken while ignoring the offers during TC proceedings. In this system, the tenderer are advised to submit their offers in two sealed envelops with one cover containing the Technical and Commercials Bid and other containing Financial Bid.

Single Tender

This is resorted to in rare and emergent situations such as accidents, derailments, dislocation to works etc. This should have the concurrence of FA & CAO and approval of GM.

- AMCs for the equipments may be placed on single tender basis on authorized dealers with the approval of GM.
- Detailed justification should be spelt out.
- All the cases of single tender shall require prior finance concurrence before the administrative approval.

Limits of Single Tender

- Up to Rs. 20 Lakhs per case per PHOD subject to annual limit of Rs. 1 Crore
- Up to Rs. 10 Lakhs per case per DRM subject to annual limit of Rs. 50 Lakhs

Limited tender

Under this system, every railway unit is supposed to have an approved list of contractors/suppliers/manufacturers.

Tenders are sent to only approved parties. The contractors are registered after screening by a committee available. There should be minimum 10 firms registered for limited tender.

Special limited Tender

It is invited under certain conditions with the concurrence of finance and the sanction of GM. Special Limited Tenders may be invited from specialized and reputed contractors/organizations/agencies. Special limited tender can be invited for important works. These can be other than approved list. Board has decided that CAO(C) with the concurrence of FA&CAO(C) may invite SLT not only for specialized nature of work, but all type of works depending upon the merit of the case.

Bulletin Tender

It floated for so many items to be purchased or work to be executed. These are processed through Bulletin by Stores department.

Thanks

Topic -3

- Tender notice
- Care to be taken while preparing tender notice
- Elements of tender documents
- General Conditions of Contract

Tender Notice

After sanction of competent authority, a brief tender notice has to be prepared. Sufficient notice should be given for submission of tender, which in case of large works should not be less than a month. 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.

Tender Notice

Care should also be taken to have a judicious mix of local, national and/or financial dailies in order to generate adequate competition. The tender notice and tender documents should also be posted on a website and the name of website should be given in the tender notice.

Minimum Tender Notice Period for Contracts of small value

CAO/C/DRM be empowered to reduce the minimum tender notice period for small value tenders from one month to 21 days, wherever considered necessary without finance concurrence. Further reduction of this Tender Notice period from 21 days in rare exceptional circumstances shall be exercised by CAO/C/DRM with concurrence of the FA&CAO(C)/FA&CAO.

Care to be taken while preparing tender notice

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

- Name of Work with its location
- Approximate Cost of the Work
- Cost of Tender Form
- Address of the office from where the tender form can be purchased
- Earnest Money to be deposited
- Completion period of the work
- Date & Time for submission of tender and opening of tender
- Website particulars and notice board location where complete details of tender can be seen, etc.

Elements of tender documents

- It has been noticed that tender documents containing instructions to bidders, or the general and the special conditions of contract are not updated to suit the contract requirement.
- All the important clauses pertaining to earnest money deposit, completion schedule, factory testing of equipments, performance bank guarantee, payment terms, penalty etc. are at times not properly incorporated in the bid documents resulting in disputes and loss to the organisation.

Elements of tender documents

- The bidders are required to be made aware of what is expected to be done by them after award of the contract so that all factors may be considered by them while submitting the bids.
- At times, the amount and form in which the EMD is required to be submitted are not mentioned properly or the same is accepted violating the stipulations of bid conditions.

Elements of tender documents

- The evaluation/loading criteria on account of acceptable range of deviations in the commercial terms and conditions viz. payment terms, request for advance, security deposit, completion schedule, performance bank guarantee, etc. are either not incorporated in the bidding documents or even if mentioned, these are not considered, while evaluating the bids and the offers are evaluated simply on the basis of quoted prices which is not in order.

Elements of tender documents

- The detailed generic technical specifications along with a list of preferred makes of major equipments, should be incorporated in the bid documents.

General Conditions of Contract

- These are the basic conditions of the contract. These are applicable to all the contracts and provided in the printed booklet form. These are revised and updated periodically by the experts. There are 64 clauses provided in GCC. Some of these clauses have been revised .

General Conditions of Contract

- **Clause 1 Definition**
- **Clause 2 General Obligations**
- **Clause 3 Law governing the contract**
- **Clause 4: Communications to be in writing**
- **Clause 5: Service of Notices on Contractors**
- **Clause 6: Occupation and use of land**
- **Clause 7 Assignment or subletting of contract**
- **Clause 8. Assistance by the Railway for the Stores to be obtained by the Contractor**

General Conditions of Contract

- **Clause 9. Railway Passes**
- **Clause 10.Carriage of materials**
- **Clause 11. Use of ballast trains**
- **Clause 12. Representation on Works**
- **Clause 13. Relics and Treasures**
- **Clause 14. Excavated material**
- **Clause 15. Indemnity by Contractors**
- **Clause 16. Security Deposit**
- **Clause 17. Force Majeure Clause**

General Conditions of Contract

- **Clause 18. Illegal Gratification**
- **Clause 19. Contractor's understanding**
- **Clause20.Compliance to Engineers Instructions**
- **Clause 21. Instruction of Engineer's Representative**
- **Clause 22. Adherence to specifications and drawings**
- **Clause 23. Working during night**

General Conditions of Contract

- **Clause 24. Damage to Railway property or private life and property**
- **Clause 25. Sheds, Stores houses and Yards**
- **Clause 26. Provision of efficient and competent staff**
- **Clause 27. Workmanship and testing**
- **Clause 28. Facilities for Inspection**
- **Clause 29.Examination of work before covering up**
- **Clause 30. Temporary Works**

General Conditions of Contract

- **Clause 31. Contractor to supply water for works**
- **Clause 32. Property in materials and plant**
- **Clause 33. Tools, Plant and Materials Supplied by Railway**
- **Clause 34. Precaution during progress of works**
- **Clause 35. Use of Explosives**
- **Clause 36. Suspension of works**
- **Clause 37. Rates for items of works**
- **Clause 38. Demurrage and wharfage dues**

General Conditions of Contract

- **Clause 39 .Rates for extra items of works**
- **Clause 40.Handing over of works**
- **Clause 41. Modification to contract to be in writing**
- **Clause 42. Powers of modification to contract**
- **Clause 43. Monthly Statement of Claims**
- **Clause 44. Quantities in schedule annexed to Contract**
- **Clause 45 .Measurement Book**
- **Clause 46. "On-Account " Payments**

General Conditions of Contract

- **Clause 47. Maintenance of works**
- **Clause 48. Certificate of completion of works**
- **Clause 49. Approval only by Maintenance Certificate**
- **Clause 50. Maintenance Certificate**
- **Clause 51. Final Payment**
- **Clause 54. Wages to Labour**
- **Clause 55. Provisions of payments of Wages Act**
- **Clause 56. Reporting of Accidents to Labour**

General Conditions of Contract

- **Clause 57. Provision of Workmens Compensation Act**
- **Clause 58. Railway not to provide quarters for Contractors**
- **Clause 59. Labour Camps**
- **Clause 60. Non-employment of labourers below the age of 15**
- **Clause 61. Right of Railway to determine the contract**
- **Clause 62. Determination of contract owing to default of contractor**

General Conditions of Contract

- **Clause 63. Matters finally determined by the Railway**

Topic -4

- Tender processing
- Tips on Tender processing
- Stages of tender processing

Tender Processing

The tender document should contain clear details of works, specifications, scope of work, schedule of work, instructions to tenderers, general conditions, special conditions and contract agreements. Eligibility criteria and similar nature of works should be specifically mentioned in Tender documents for open tenders above Rs.50 lakhs. The tender form supplied to tenderers apart from other thing should contain –

- Amount of Earnest Money deposit to accompany the tender.
- With whom or what authority, the acceptance of a tender will rest

Important tips on Tender processing

Tender should have clear description of work.

A tender must be received on specific date, time and place and opened at the specified time by a Tender Opening committee in presence of all the tenderers or their authorized representatives.

This information should be available in the Tender Opening Register, duly signed by the Tender Opening Authority and those present.

Tender must be either on the tender form issued or downloaded from website and should be signed by an authorized person.

Important tips on Tender processing

Tender must be accompanied with requisite earnest money in the acceptable form i.e. demand draft, FDR, Cash railway receipt in favour of associate finance officer (WAO/Sr.DFM).

Late and delayed tenders should be clearly marked.

A comparative statement and briefing note be prepared duly vetted by Accounts Officer.

Writing of briefing note should be clear and comments on all accounts queries are duly furnished.

Stages of Tender proceedings

Preparing office note for approval
Calling for budgetary quotation from Firm
Concurrence to proposal
Preparation of estimate/ Est. cost
Vetting of estimate
Sanction to estimate
Tender booklet preparation with Terms and Conditions, scope of work etc.
EMD (2% of the estimated tender value up to 1.0crores), above this, 2 lakhs + 0.5% of the excess of estimated cost

Stages of Tender proceedings

Ensure Unit of Advertised Tender
Preparation of tender notice for open tenders
Loading of Tender Notice and tender document on website before 35 days of opening of tender
Issuing of tender booklet before 25 days
Opening of tender
Submission of tender cost of down loaded tender form to Sr. DFM
Verification of EMD submitted by Tenderer
Preparation of brief note & tender tabulation statement

Stages of Tender proceedings

Verification of brief note SO
Nomination of TC members
TC preparation
Verification of eligibility criteria
TC Finalization
Acceptance of TC recommendations
Issuance of Letter of Acceptance
Submission of PG by the firm within 21 Days
Verification of PG by law officer
Verification of PG by bank

Stages of Tender proceedings

Preparation of Contract Agreement
Signing of Contract Agreement
Dispatching of copy of Contract Agreement to concerned depot in charge.
Updation of finalized tender on net for value more than 1.0 crore
Releasing of first on account bill by preparing office note

Thanks

Topic-5

- **Tender Committee**
- **Constitution of Tender Committee**
- **Important tips for Tender Committee**
- **Role of tender committee members**
- **Role of tender accepting authority**
- **Considerations of TC recommendations by TAA**

Tender Committee

Tender Committee is to be formed for evaluating the offers. The level of TC and number of members in it, depend on the value of the work. For works tenders of value upto Rs.20 lakh, the tender committee shall hereafter be constituted with only two members out of which, one should essentially be from the Accounts Deptt. and the other from the concerned Executive Deptt. However, the existing practice of three member Tender Committee will continue to be applicable for tenders of value more than Rs. 20 lakh each

Tender Committee

Tender Committee should evaluate the documents/credentials submitted by the tenderer and assess the eligibility. Tender Committee/Tender Calling authority should not enter into correspondence with the tenderer after the tender is opened. However, originals of certificates, documents, testimonials etc., already submitted by the tenderer along with his/her tender may be called for and their genuineness verified by checking the originals or by verification from the concerned departments, if needed.

Constitution of Tender Committee

Value	Executive	Accounts	Other deptt.	Accepting Authority
Upto Rs. 10 lakhs	Sr.Scale	Jr.Scale	---	JAG/SG
Above Rs.10 lakhs and upto 50 lakhs	Sr.Scale	Jr.Scale	Sr.Scale	JAG/SG
Above Rs.50 lakhs and upto Rs.2 Crore	Sr.Scale	Sr.Scale	Sr.Scale	JAG/SG
Above Rs.2 Crore and upto 5 Crore	JAG/SG	JAG/SG	JAG/SG	SAG/ ADRM
Above Rs. 5 Crore and upto 8 Crores	JAG/SG	JAG/SG	SG	SAG/ DRM

Important tips for Tender Committee

- TC members should give an undertaking at the appropriate time, that none of them has any personal interest in the companies / agencies participating in tender process.
- Financial capacity, capability and past performance of tenderer / contractor should be investigated / examined in detail by TC before recommending .
- Tender committee to be constituted as per SOP.
- All the members are collectively responsible for given recommendations.
- Eligibility criteria of tenderers have to be examined in detail.

Important tips for Tender Committee

- Tender committee minutes should be self contained and self explanatory.
- Rate reasonability of individual item to be examined.
- TCM to be finalised within validity of tender
- No TC member to be related with any of the tenderer.
- Each page of TCM to be signed with date

Role of tender committee members

- A technical member-known as Convenor.
- Finance Member
- Third Member

Role of TC Convener:

He has normally full knowledge of work to be executed, all special features, site conditions, specifications of the work, credential of the tenderers, time frame, urgency etc. Market survey for rate analysis and implication of special conditions, if any, are also to be evaluated by him. He must fully brief the TC.

Role of tender committee members

Member (Finance): He must ensure that all tenderers have fulfilled the prerequisite conditions, i.e.

- Tenders are in properly issued form.
- Tenders are signed by authorized persons.
- All tenders are correctly filled and if there are corrections and overwriting then they have been initialed by tender opening officials.
- Tender have been opened correctly.
- Earnest money is requisite and in acceptable form.

Role of tender committee members

- All valid tender offers are serially placed and put up in a comparative statement along with a briefing note, duly vetted.
- All special conditions have been mentioned and those having financial implications are evaluated.
- The arithmetical accuracy of the offer.
- A proper rate analysis has been prepared and placed on record by the Convenor.
- The funds position and if work is sanctioned or not.

Role of tender committee members

Third member: ensure that –

- Rules are followed in general.
- Reasonableness of rates has been properly examined.
- A uniform and consistent approach has been adopted in dealing with the tender.
- In cases of difference of opinion between members of TC he gives his definite opinion.

Role of tender accepting authority

TAA is finally and ultimately responsible for the acceptance, although the TC is also responsible for its recommendation. Therefore, TAA, while considering the TC proceedings, should examine -

- Work is essentially required and is covered by sanction and funds are available.
- In case of Open Tender, full opportunity has been given to all the tenderers.
- That response has been adequate, i.e. the number of tenders sold vis-à-vis number of offers received.
- Reasonableness of offers has been properly examined by the TC.

Considerations of TC recommendations by TAA

- Examine all the basic facts about the tender.
- Whether the recommendation of TC is unanimous.
- TAA can not function as a rubber stamp and must apply his/ her mind independently and such appreciation should be visible.
- Recommendations should normally be accepted, but in case TAA rejects/ modifies the same, grounds should be given for the same .
- Additional details from a third person but if such details are considered necessary, TC should be asked to obtain them and put up to TAA.
- TAA should take the decision in a reasonable period of time.

Thanks

Topic-6

- **Letter of Acceptance**
- **Signing of Agreement & Submission of PG**
- **Execution of Work**

Letter of Acceptance

The LOA will be issued to the contractor to undertake the work duly specifying the date and the amount of Security Deposit to be remitted within the specified time limit as per Engineering Code. A duly authorized representative at the office shall so appear and execute the contract documents within 7 days after notice that the contract has been awarded to him.

Letter of Acceptance

Failure to do so shall constitute a breach of the agreement affected by the acceptance of the tender in which case the full value of the earnest money accompanying the tender shall stand forfeited without prejudice to any other rights or remedies.

Signing of Agreement & Submission of PG

- Tenderer shall have to submit a PG within 30 days from date of issue of LOA.
- Extension of time beyond 30 days and up to 60 days from issue of LOA may be given by CA signing authority with a penal interest of 15% per annum for the delay beyond 30 days after issue of LOA.
- In case of the contractor fails to submit PG even after 60 days, the contract shall be terminated forfeiting EMD.
- The failed contractor shall be debarred from participating in "re–tender for that work".
- Contract agreement be signed within 15 days after LOA.

Execution of Work

Important points to be observed while executing the work.

- Execution of work starts with handing over of the site to the contractor under clear signature in the site order book.
- Record the observation in case of obstruction, which is not likely to affect the work at the initial stage.
- Hand over the site as per tender condition to avoid preferring of claim for compensation by the contractor for idling of labour and other resources.

Execution of Work

Communication with the contractor

- Communication should be at an appropriate level.
- It should only be in writing.
- Best way to communicate it through the observation in the site order book (it is very important and useful in case of arbitration).
- Do not delegate to lower official to do any correspondence with the contractor.
- Do not leave any of the contractor's letter unanswered. There should be no ambiguity in reply. It should be in clear terms.

Execution of Work

Progress of works :

- Supply all necessary drawings and designs in time.
- Give your decision on technical matters only
- Draw an agreed programme for the execution of the work in the form of CPM/ PERT chart.
- Record your periodical views on the progress of the work.
- Give timely notices for the poor progress.

Execution of Work

Supervision of Work

- In most of the cases, field supervisors are site Engineers.
- Works are seen suffering from lack of supervision.
- Establish a well defined chain of command for the supervision.
- Supervisory team should not be disturbed except in rare circumstances.
- At the time of transfer of the supervisor, they should be asked to give a detailed handing over notes.

Execution of Work

Special conditions

- All the special conditions discussed in the TC should be clearly brought out in the agreement.
- Watch should be kept on the financial implications of various special conditions. Finance generally keep close scrutiny of all special conditions.
- Watch should be kept on variations.

Test check

- Schedules of test checks should be prescribed.
- Prescribed test checks are must before the bill is passed.
- Test checks means physical verification of dimensions, quantity and quality of work.
- Items checked must be specified in the Measurement Book (MB).

Execution of Work

Selectivity in execution

- Do not be selective in execution.
- While changing the items, please ensure that you are not inadvertently helping the contractor.
- Do not give instant decisions for changing the items, the proposal should be examined financially.
- Changes in the scope of work is not desirable.

Thanks

Topic-7

Do's and don'ts for Tenders & Contracts

Do's

- Allow adequate and reasonable minimum time (as prescribed) for opening of all tenders to encourage proper response.
- Ensure timely supply of copies of approved plans for tenders where special items rates have to be quoted for the particular details of the approved plans.
- Ensure the comparative statement and briefing note have been prepared and duly signed by the concerned officials on each page.
- Only consider offers accompanied by requisite earnest money in proper term.
- Attempt identification of sister concerns to detect cartel formations especially in the case of limited tenders.

Do's

- Ensure consideration of reasonableness of rates in the tender committee minutes. This should not be with reference to presumably accepted rates, but also after taking in to accounts market rates and analysis of rates. Reasonableness has to be explain in detail.
- Obtain views of the Competent Authority to deal with the lowest acceptable offer of contractors with adverse reports.
- Treat the Tender Committee recommendations with dissenting notes carefully. Dissent should be part of running minutes with views of other members also on it.
- Negotiation should be an exception and not the rule in acceptance of tenders. These are to be held with lowest valid tenders only.
- Record relevant reasons for overlooking the lowest offer if it is not acceptable. Speaking decision is a must.

Do's

- Order calling for fresh tenders if items are to be revised or their value is to be enhanced.
- Ensure that special conditions do not give avoidable scope for acceptance of high rates.
- Ensure that the tender committee minutes contain the relevant information as the date, venue of the meeting and dated signatures of the members.
- Record the acceptance or otherwise on the body of the tender committee minutes only & not on the noting side of the file.
- Ensure that the rating of the offers received is done properly after evaluating the special conditions and vetting by finance.

Do's

- Ensure that the reasonableness of rates is examined critically, logically and specifically both in respect of total cost and rates of important individuals items.
- Beware that the low offers are in facts so in reality and price, differential for similar but different items of schedule is reasonable.
- Ensure that the tender committee is duly constituted of competent level of officers specified.
- Ensure prior sanction of competent authority before executing additional quantities.

Don'ts

- Do not change the Tender Committee members once constituted without prior approval of competent authority.
- Do not consider delayed/ late tenders except under specified exceptional circumstances & that too only by following prescribed procedure.
- Do not treat the Tender Committee's recommendations with dissenting notes from one or more members of the Tender Committee as unanimous recommendations.
- Do not order negotiation on the repeated advice of tender committee to invite fresh tenders, particularly where response to the call for negotiations is poor.

Don'ts

- Do not exercise the power of accepting authority in case you have been a member of the Tender Committee. Let it go to higher authority.
- Do not hold negotiation with those who had either not tendered originally or whose tender was rejected because of unsatisfactory credentials, inadequacy of capacity or where tenders were unaccompanied with adequate earnest money or any other invalid tenders.
- Do not accept open quotations from contractors during negotiations.
- Do not entertain letter/ representations of tenders subsequent to opening / negotiations/ consideration of tenders.

Don'ts

- Do not accept modified offers, not considered by the Tender Committee.
- Do not allow subsequent revision of the minutes unless the reconsidered minutes are put up in addition.
- Do not advise the tender committee prior to their deliberations on the suitability or otherwise of any particular offer.
- Do not allow anomalies in evaluation of special conditions to affect the acceptance of the offer recommended.

Don'ts

- Do not operate non-schedule items without sanction of competent authority. In exceptional cases where it has to be done, maintain necessary site records.
- Do not operate non-schedule items where it possible to do work as per schedule items or a combination there of.
- Do not award works on quotations in a routine manner and strictly follow annual financials limits laid down.

Thanks

Topic-8

Execution of work on quotation basis

Create a proposal

First step is create a proposal clearly specifying the requirement of work and scope of work, what items in which quantities are required. The proposal is put up for approval by competent authority. It should by signed by concerned supervisor.

Calculate estimated cost of the work

After approval by competent authority, the estimated cost of the work is calculated. This can be done by taking reference of LAR or publishing a budgetary notice.

While calculating on the basis of LAR the annual depreciation is also to be added in the cost. In budgetary notice, the description of work and quantity is notified. The firm offers the rates against each item.

Estimated cost and administrative approval

Minimum three offers are to be collected. On the basis of offers received a comparative chart of budgetary offers is prepared, which shows the approximate estimated cost of the work proposed. After this the case is sent for administrative approval. The comparative chart is to be signed by concerned person and officer.

Vetting by associate finance

After administrative approval the case is sent for vetting by associate finance. Finance department raises their queries against the proposed work and after satisfactory reply the case gets vetted, indicating the conditions applicable of any.

Publishing the quotation notice

After vetting, the case file is returned back to user department. Now quotation notice is prepared and displayed at prominent locations. It contains the details of work to be performed, date and time upto which firms can submit their offers, date and time on which the sealed offers will be opened and terms and conditions applicable in this work.

Opening the quotations

After receipt of sealed quotations (which should be minimum three), an officer is nominated to open the sealed envelopes along with SSO(Finance). All the sealed envelopes which are opened must wear dated initials of both the Officer nominated for this work and SSO(F).

Preparing comparative chart of the quotations

All the opened quotations are to be placed serially on the case file, and a comparative chart of the quotations is prepared which is signed by both the Officer nominated for opening offers and SSO(F).

Availability of fund and sanction of estimate

After preparation of comparative chart of quotation offers , COS (budget) declares the availability of fund and the case is put up for sanction of amount indicating that the rates offered by lowest firm is reasonable and acceptable. When the amount has been sanctioned by officers, work order is prepared in favour of the lowest firm.

Issue of work order

Work order is prepared in three copies. All the three are sent to SSO(F) for verification of rates and quantity. He put stamp for two item:

rate and qty verified

for payment (one copy)/ not for payment (others) The copy marked as not for payment is sent to firm. The copy marked as " For payment" is sent in original to Accounts along with bill.

Thanks

Topic-9

Processing NS demand through i-MMS

Requirements

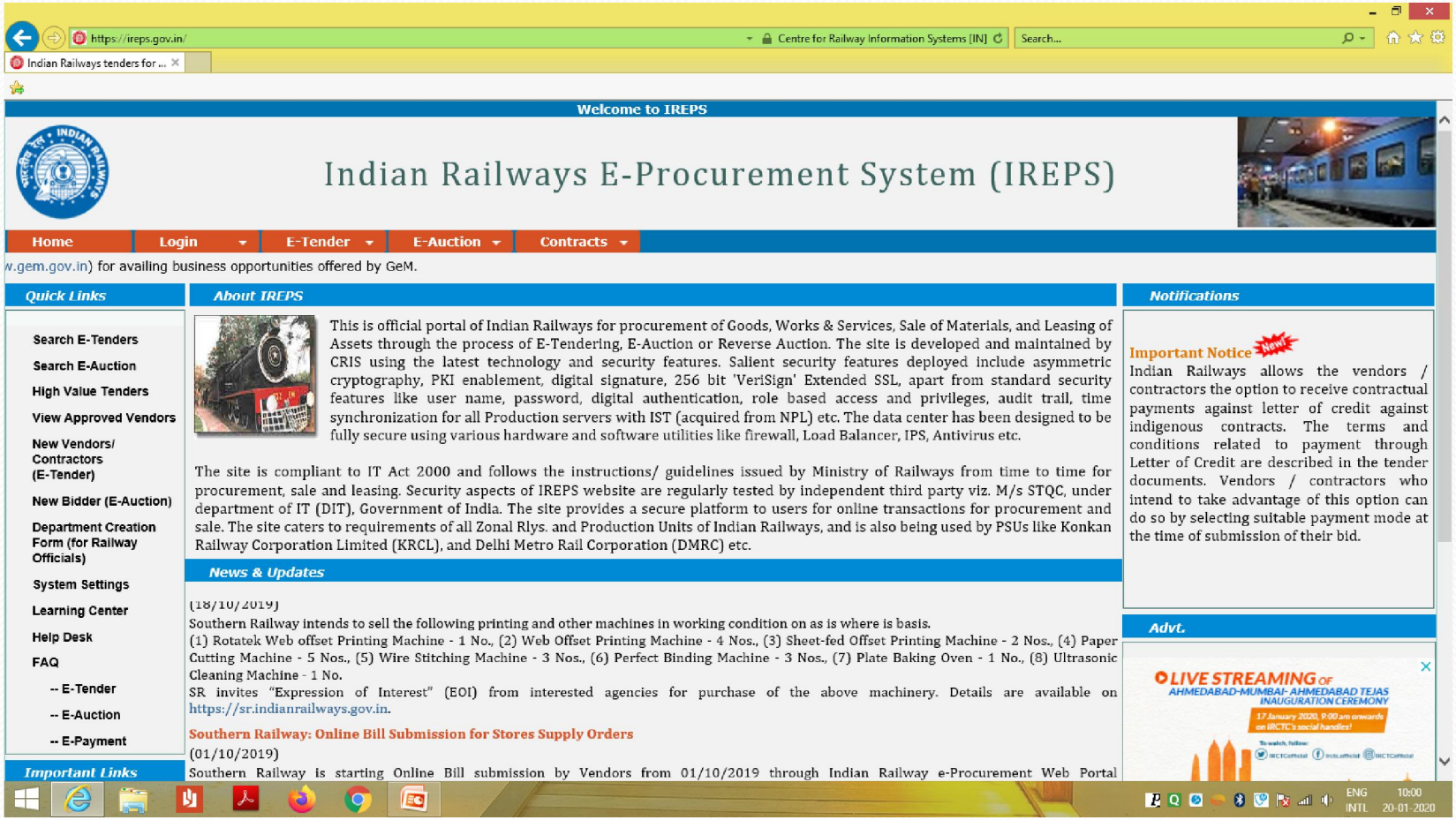
- Digital signature certificate
- User id and password
- PKI server
- Java
- MS edge/chrome/firefox browser

Keep these ready

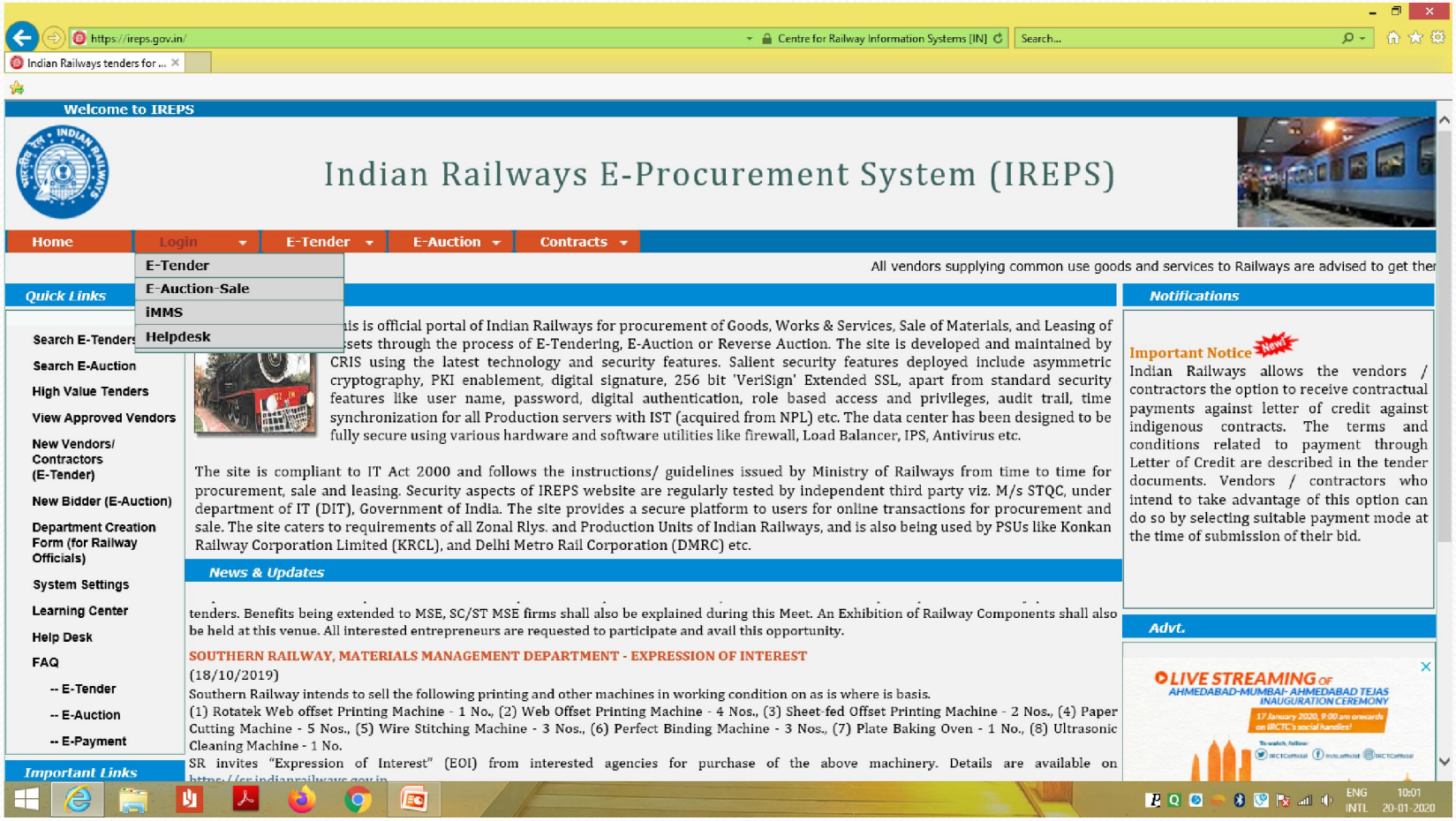
- Budgetary offer from firm
- Urgency certificate
- Essentiality certificate
- Check list

all to be signed and scanned

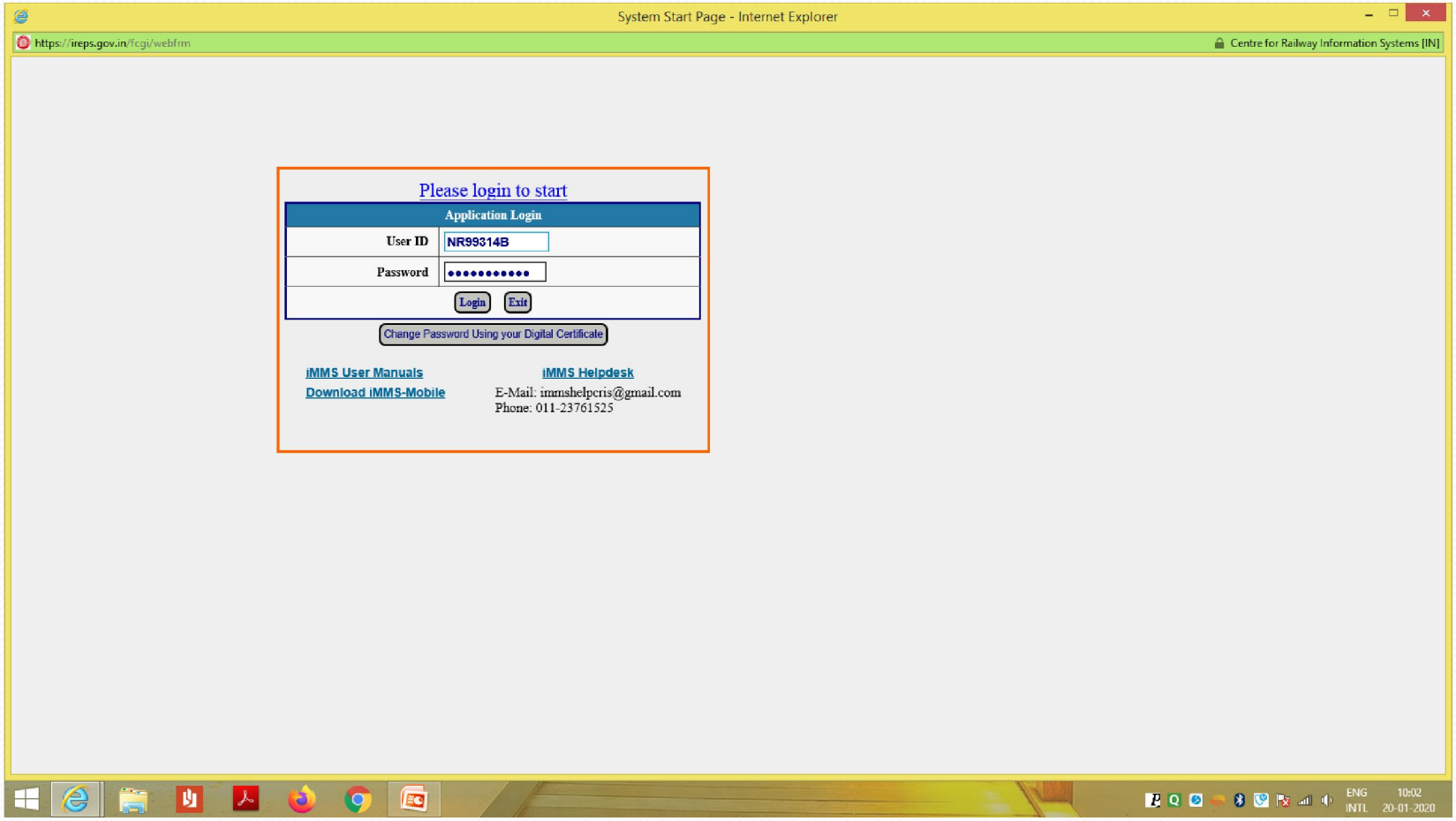
Start pki server and open ireps.gov.in



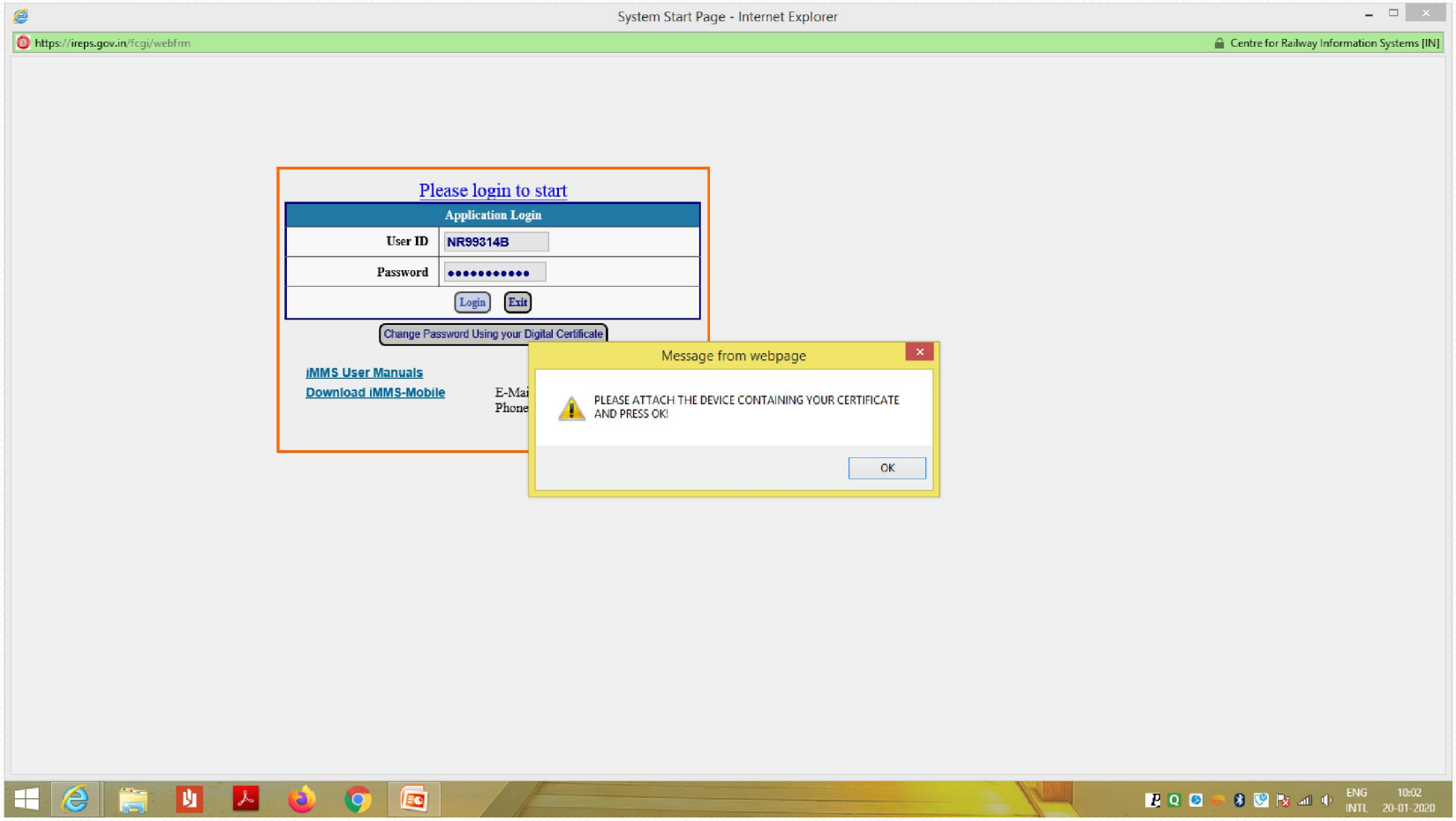
Go to iMMS login option



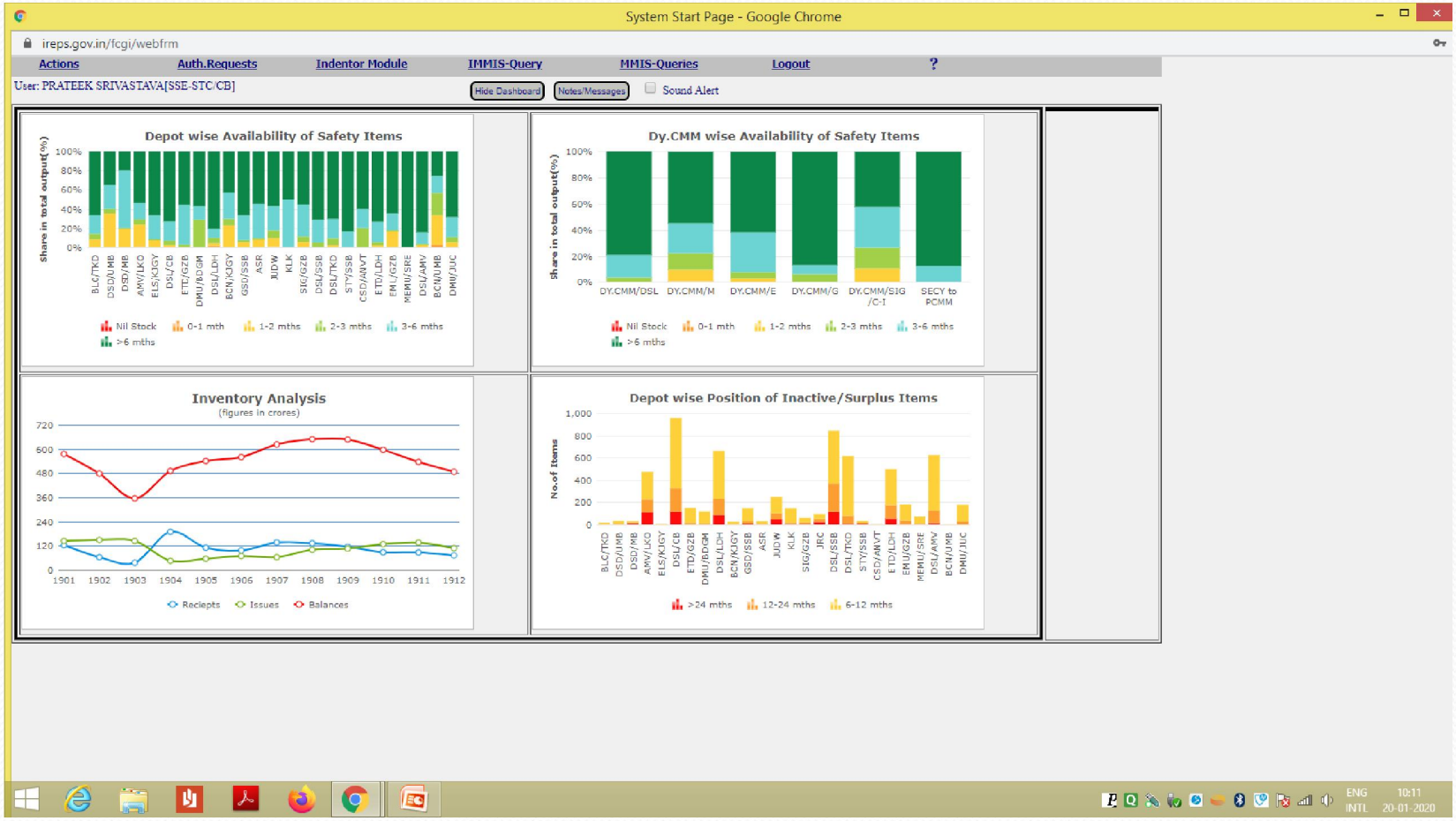
Login using user id and password



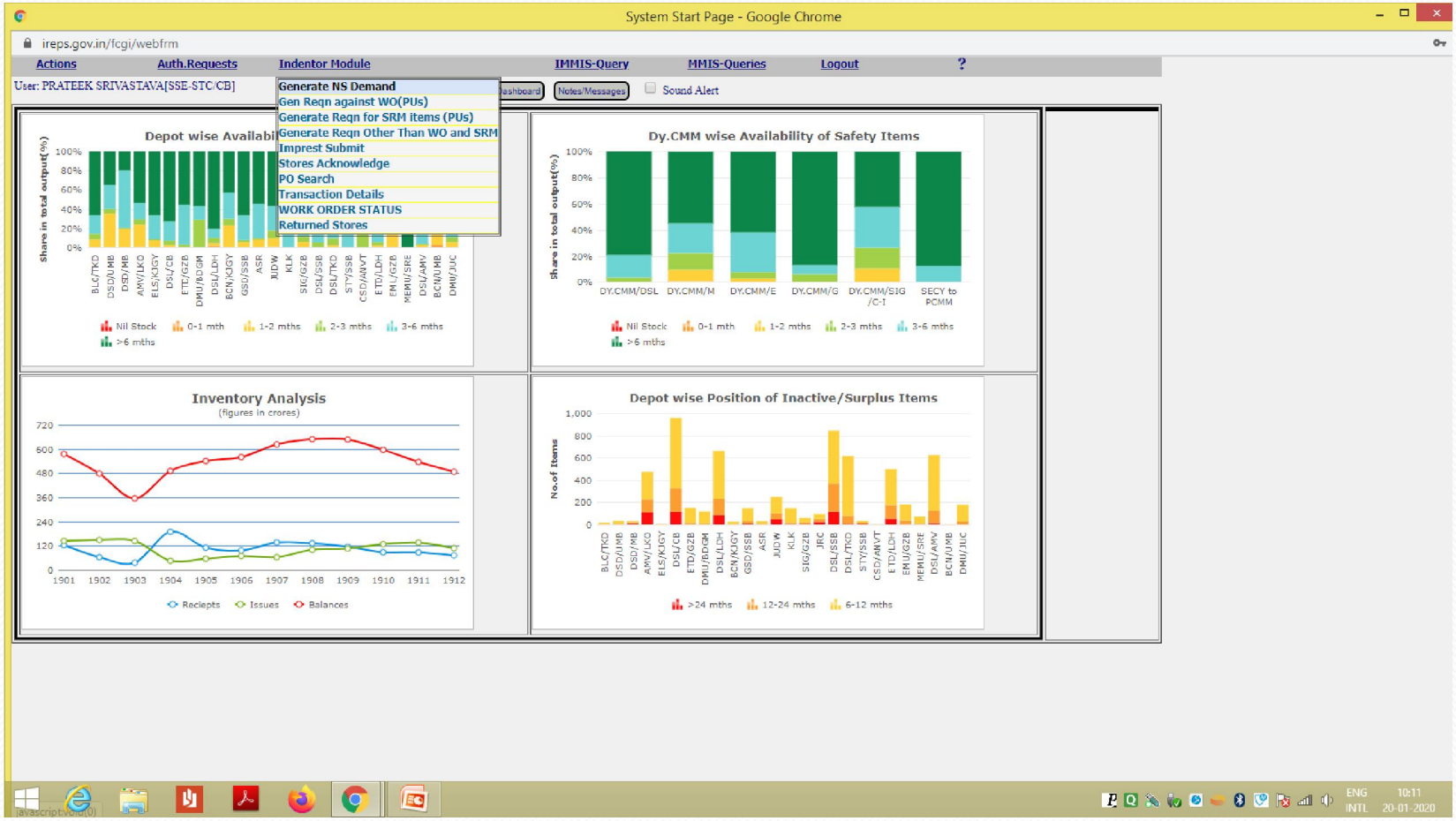
Attach the DSC



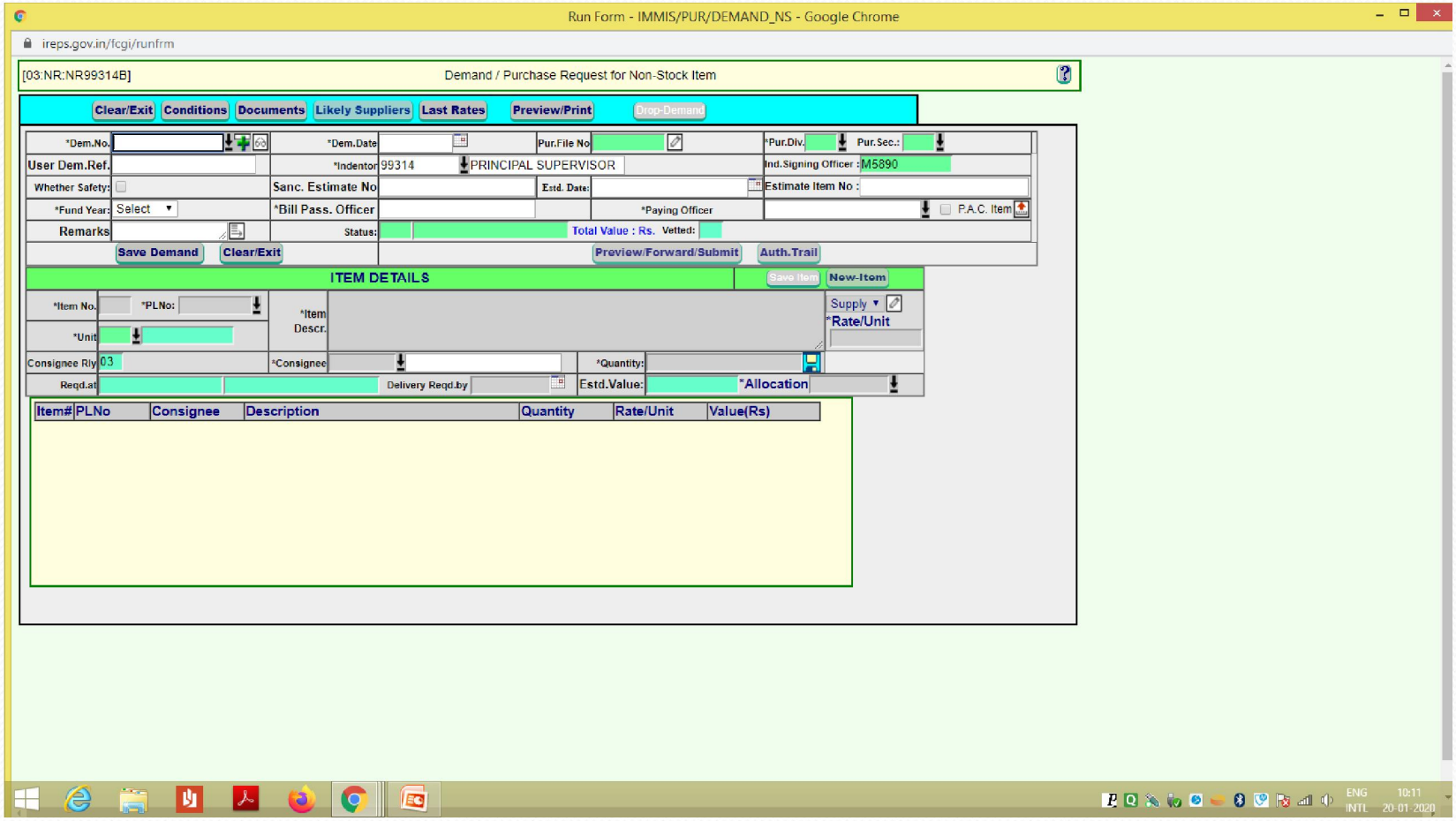
Main window


System Start Page - Google Chrome
ireps.gov.in/fcgi/webfrm
Actions
Auth.Requests
Indentor Module
IMMIS-Query
MMIS-Queries
Logout
?
User: PRATEEK SRIVASTAVA[SSE-STC/CB]
Hide Dashboard
Notes/Messages
Sound Alert
Depot wise Availability of Safety Items
Share in total output(%)
Nil Stock
0-1 mth
1-2 mths
2-3 mths
3-6 mths
>6 mths
Dy.CMM wise Availability of Safety Items
DY.CMM/DSL
DY.CMM/M
DY.CMM/E
DY.CMM/G
DY.CMM/SIG /C-I
SECY to PCMM
Inventory Analysis
(figures in crores)
Reciepts
Issues
Balances
Depot wise Position of Inactive/Surplus Items
No.of Items
>24 mths
12-24 mths
6-12 mths
ENG
INTL
10:11
20-01-2020

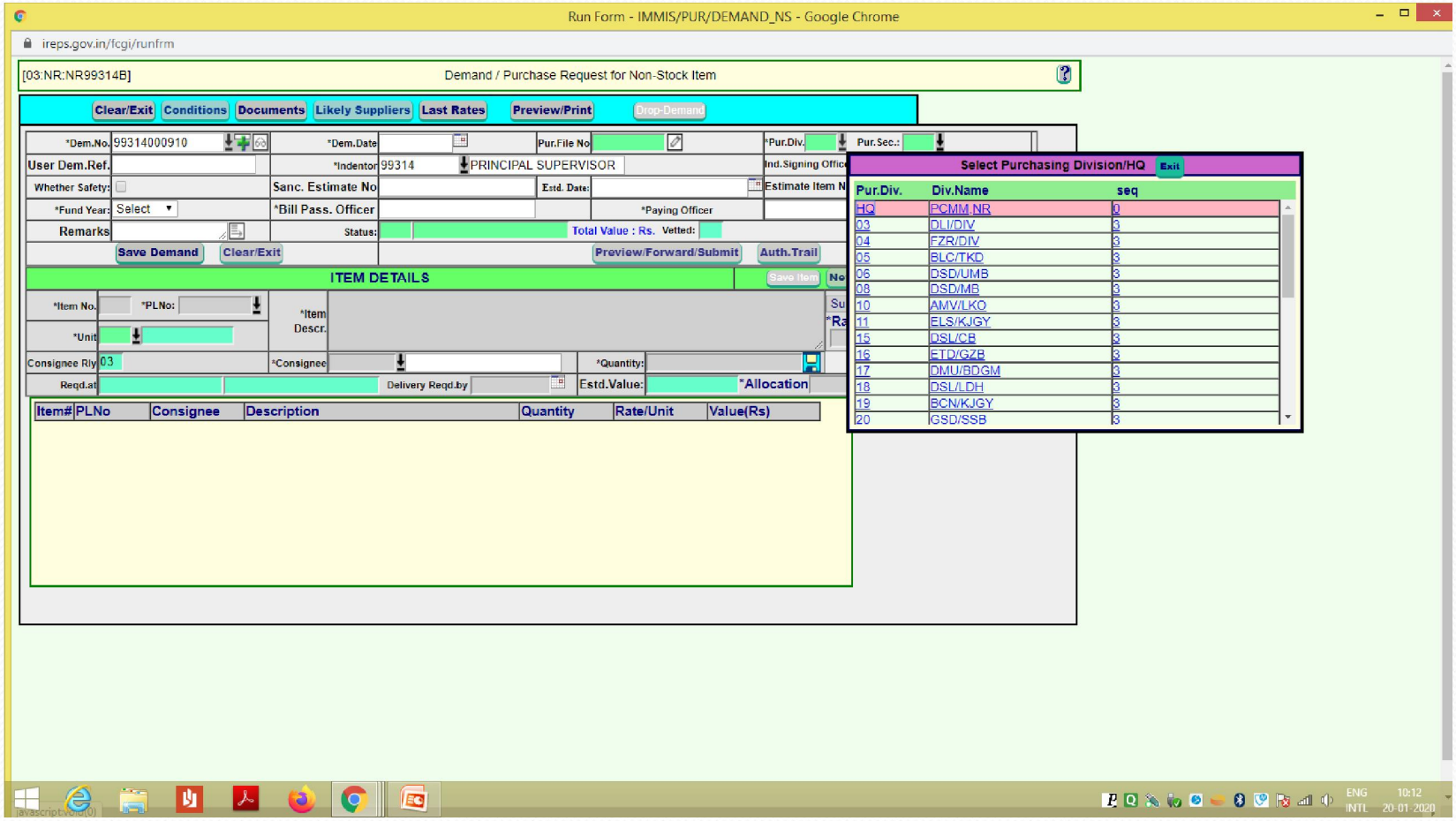
Go to generate NS demand



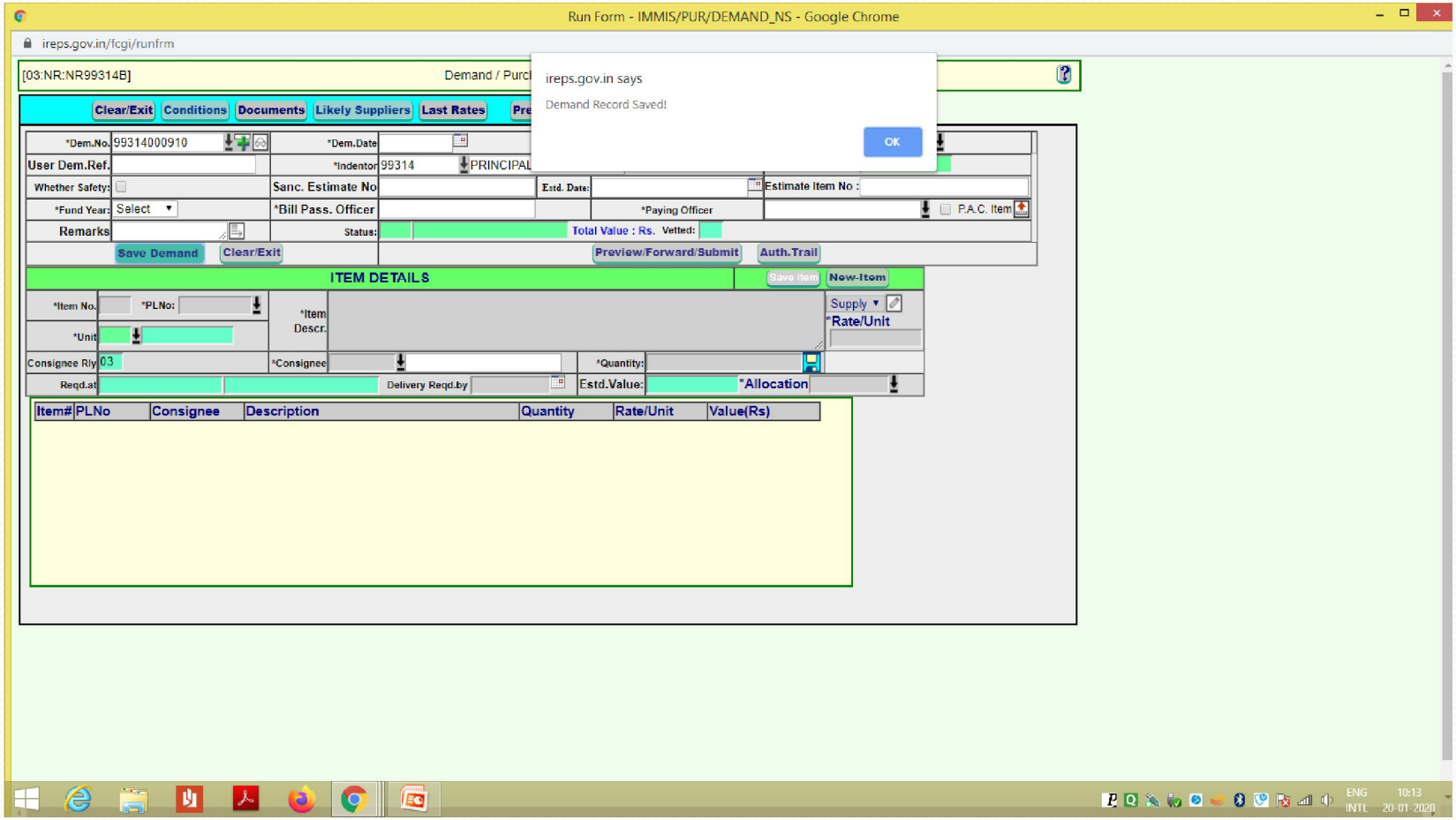
Fill basic details



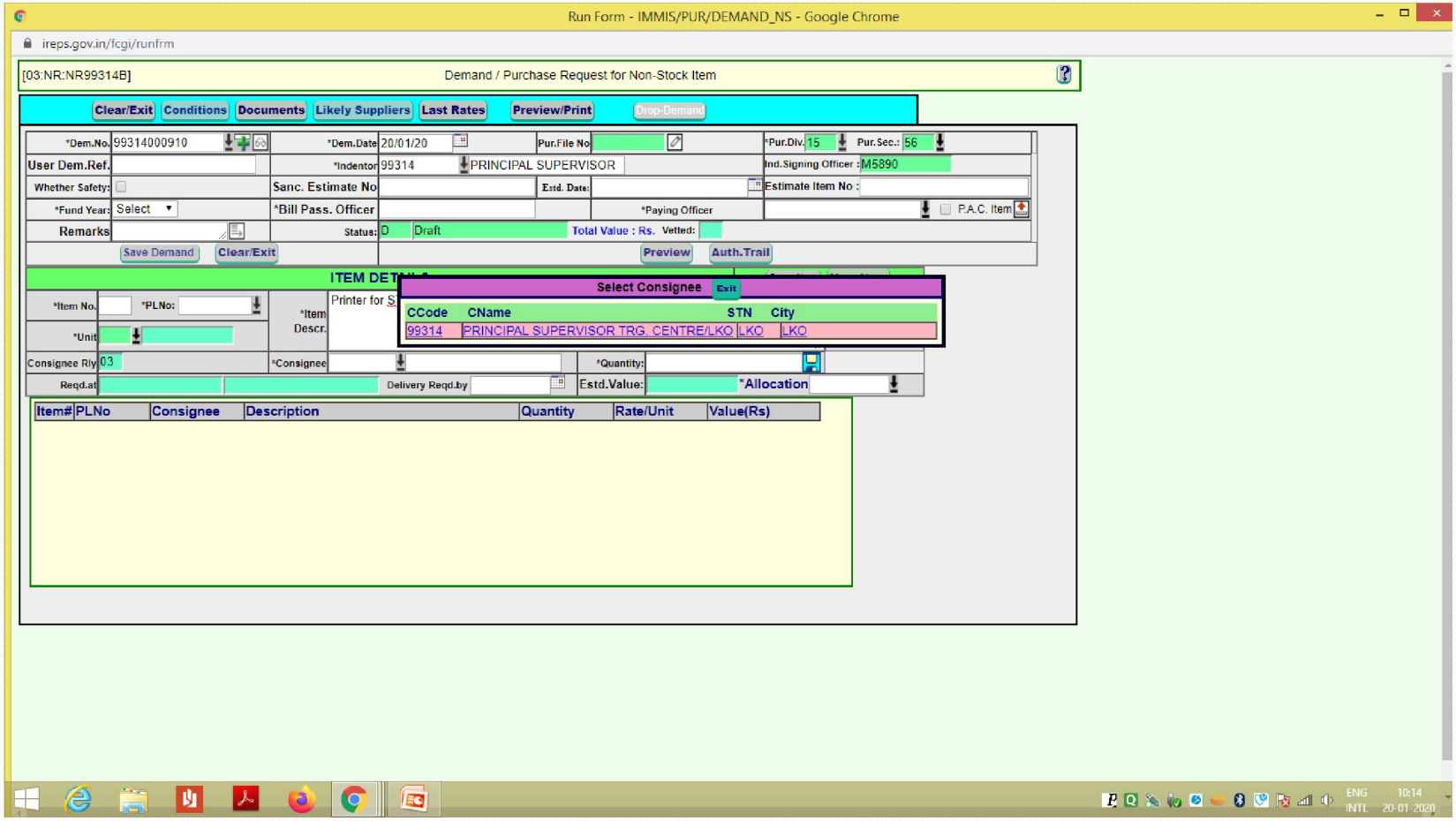
Fill basic details



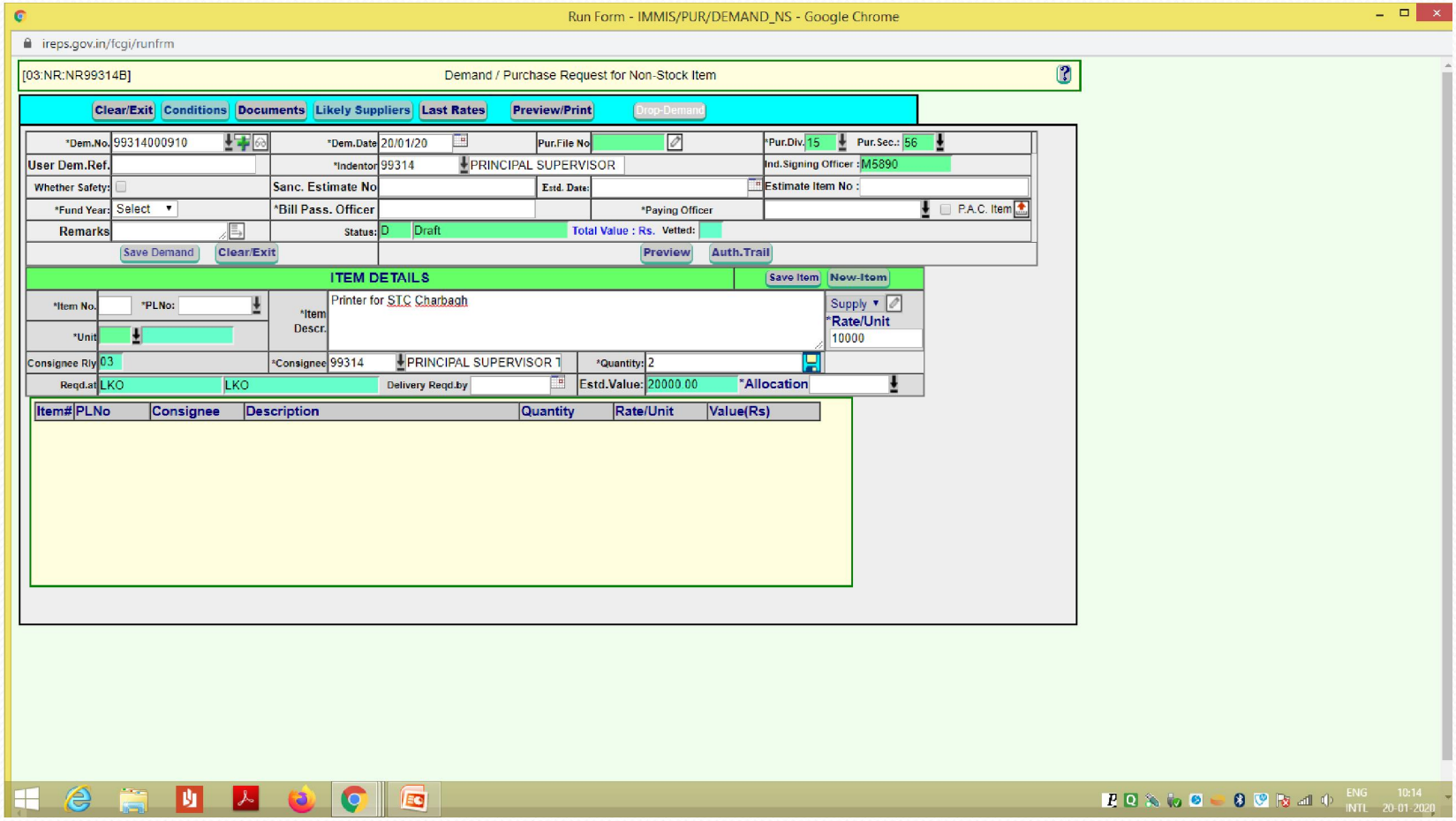
Save the NS demand



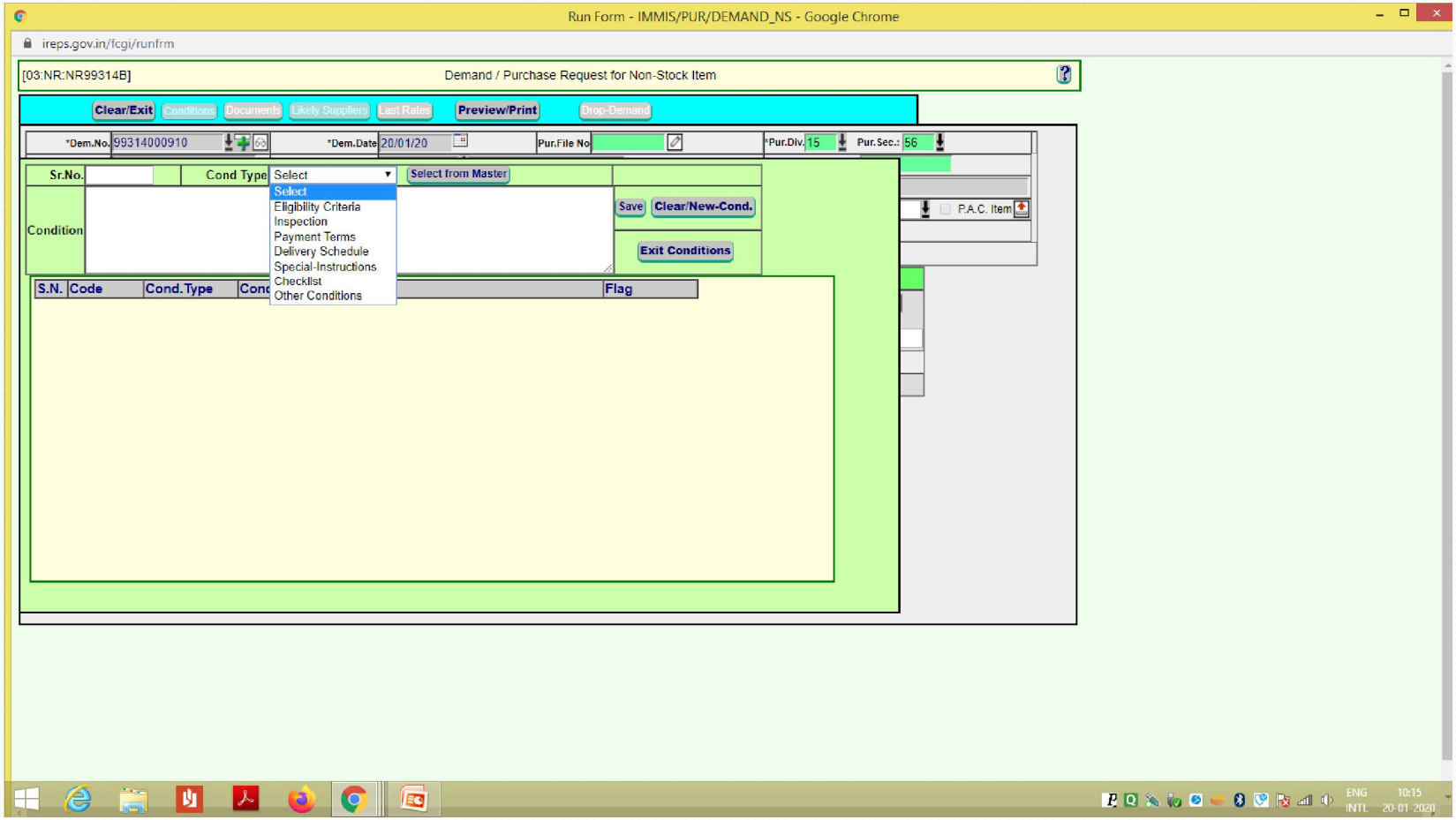
Fill the details for bottom window



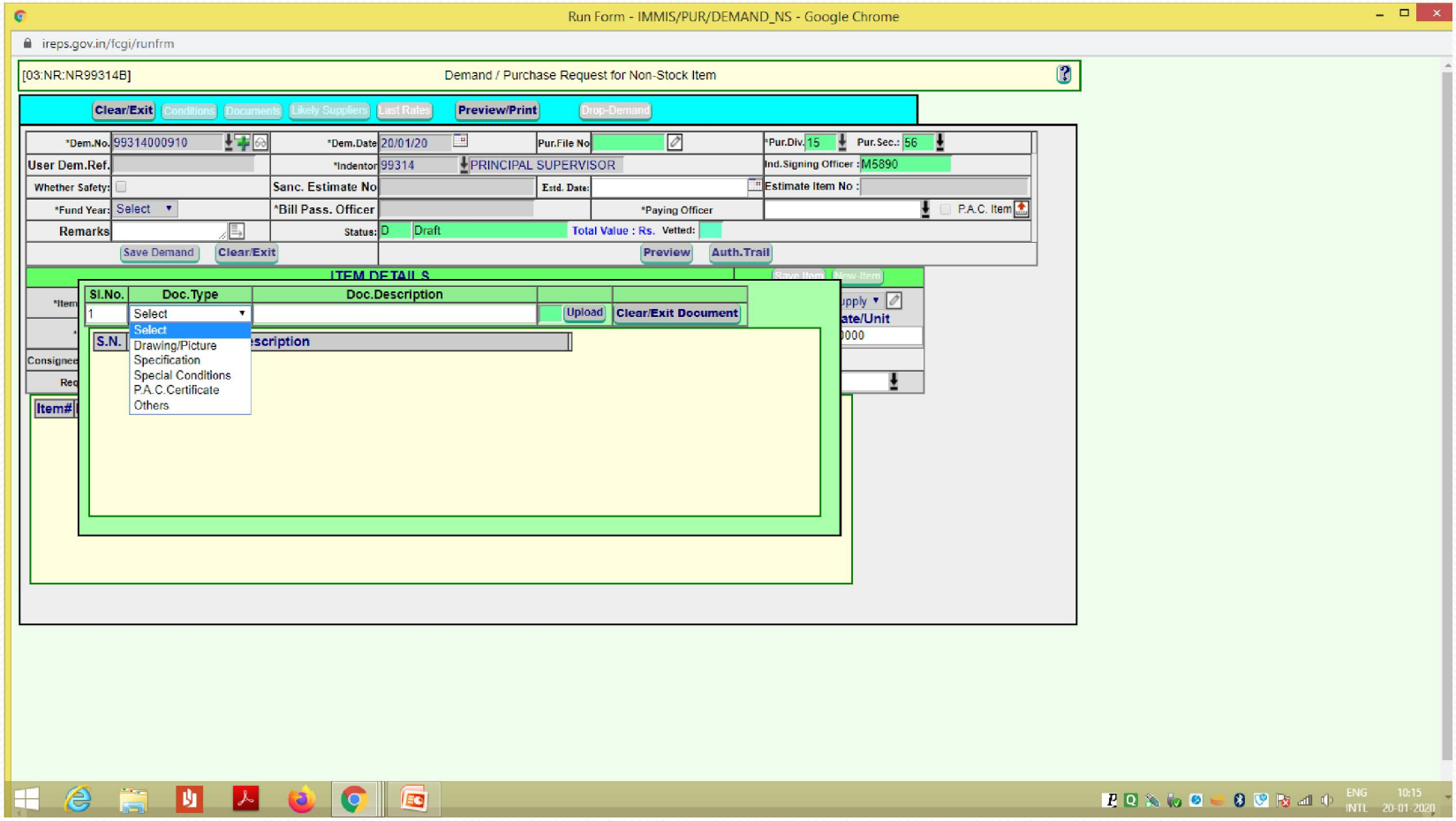
Fill the details for bottom window



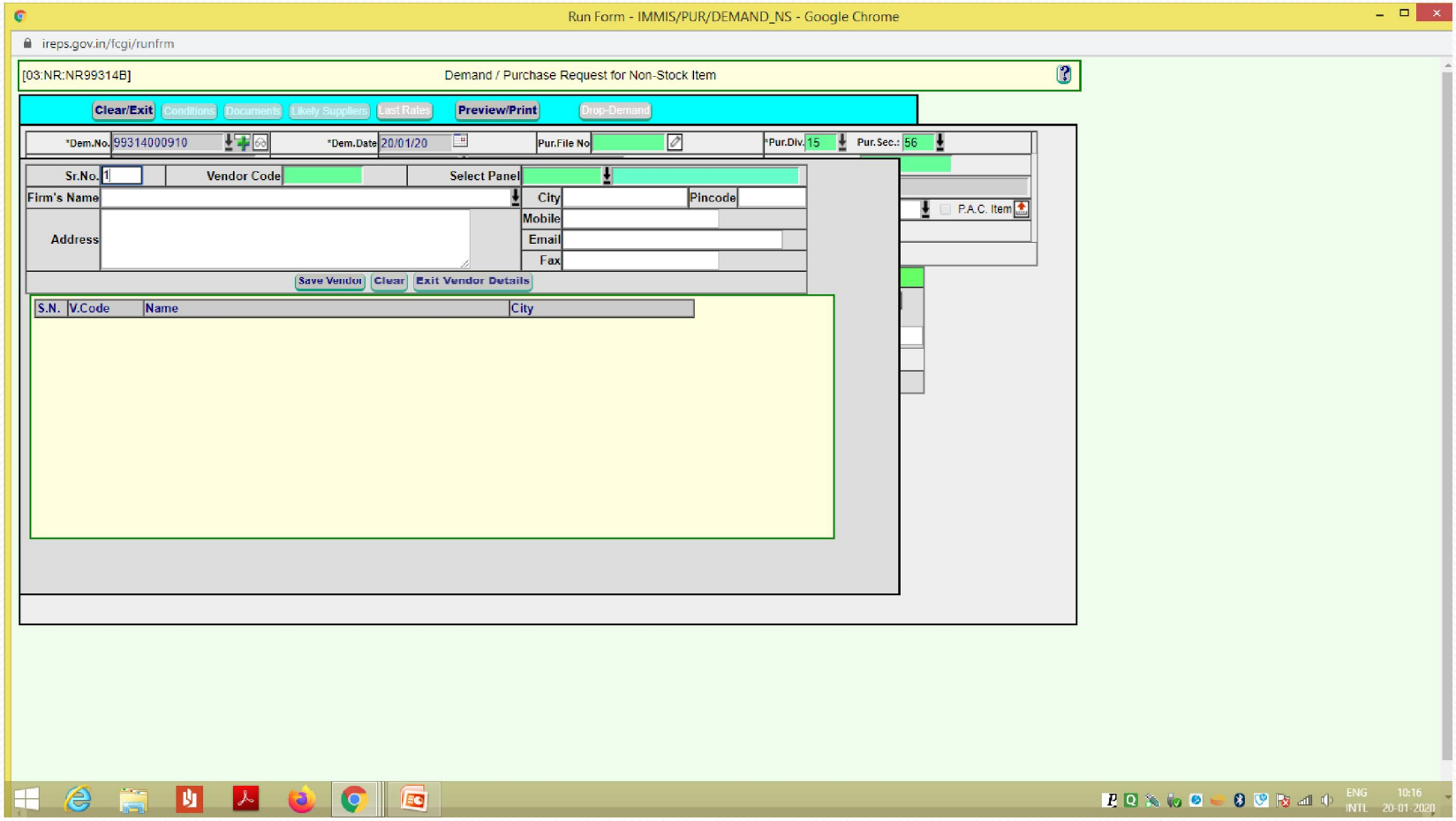
Fill the details for conditions



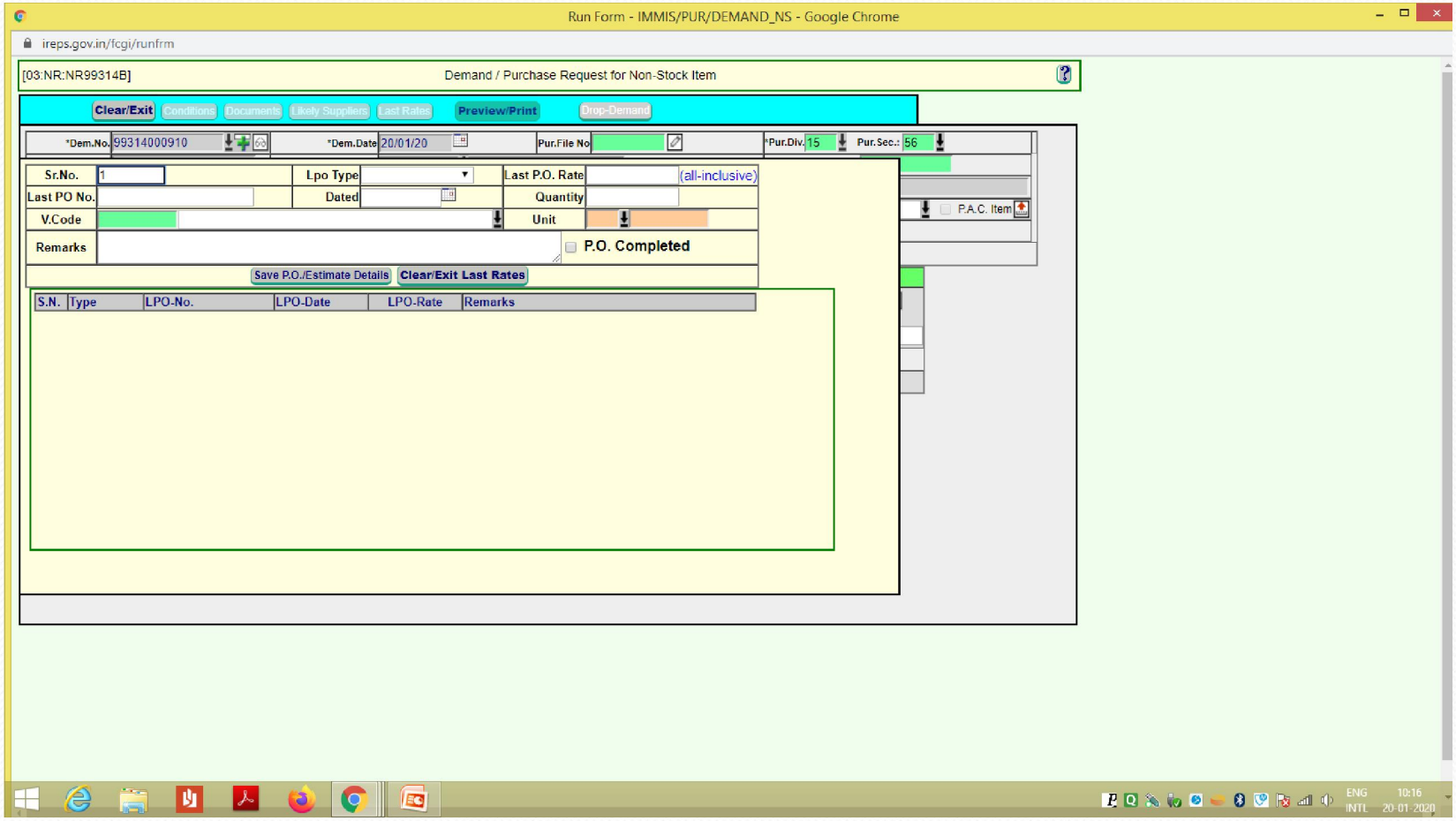
Fill the details for documents



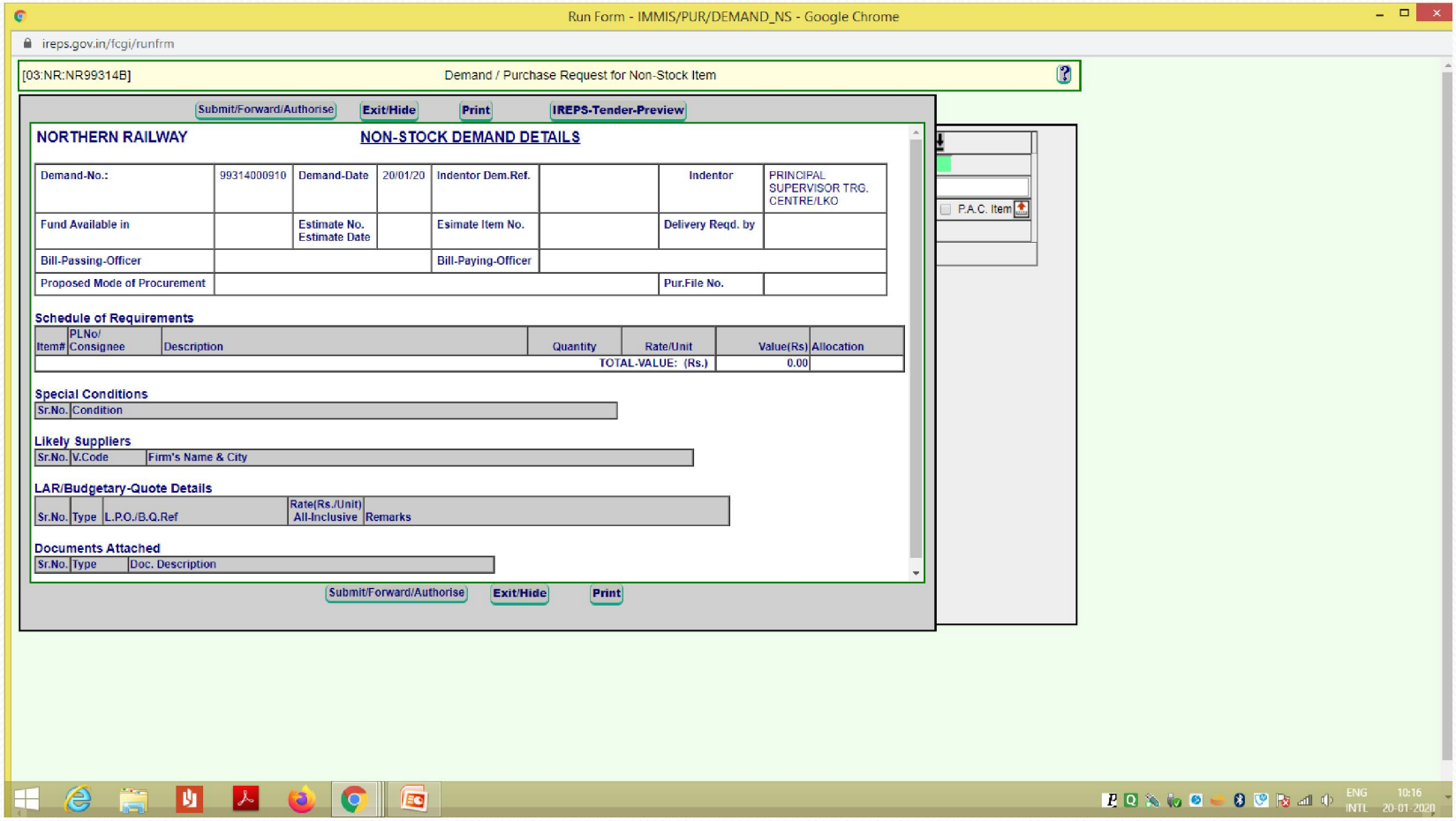
Fill the details for likely suppliers



Fill the details for last P.O.



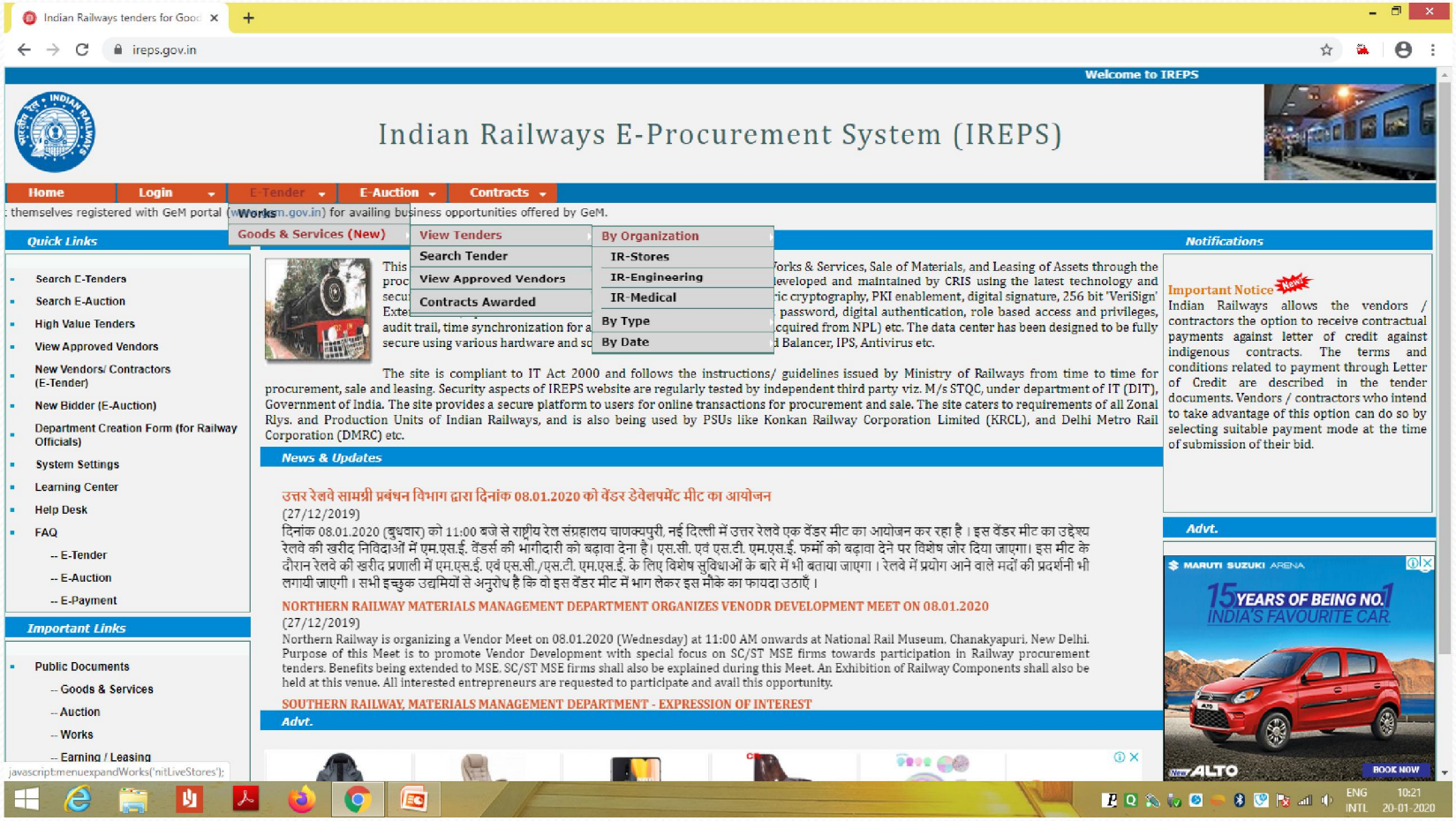
Save and check preview



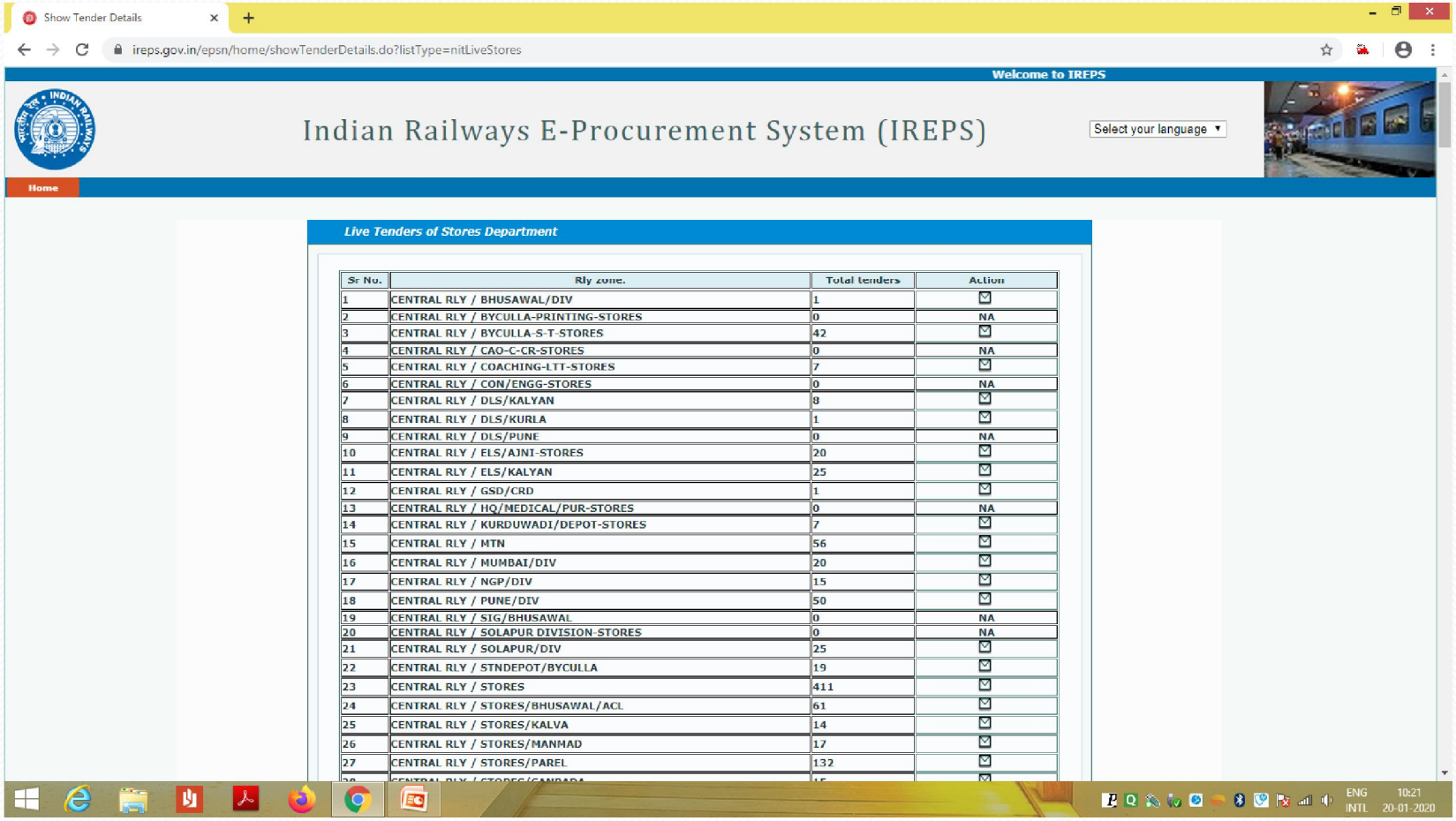
Submission

- Click submit/forward/authorise
- It will ask to select the DSC and receiver
- Forward to C.A. for approval
- To account if >2.5 lakh
- To Dy.CMM/CDMS if <2.5 lakh

Check it on portal



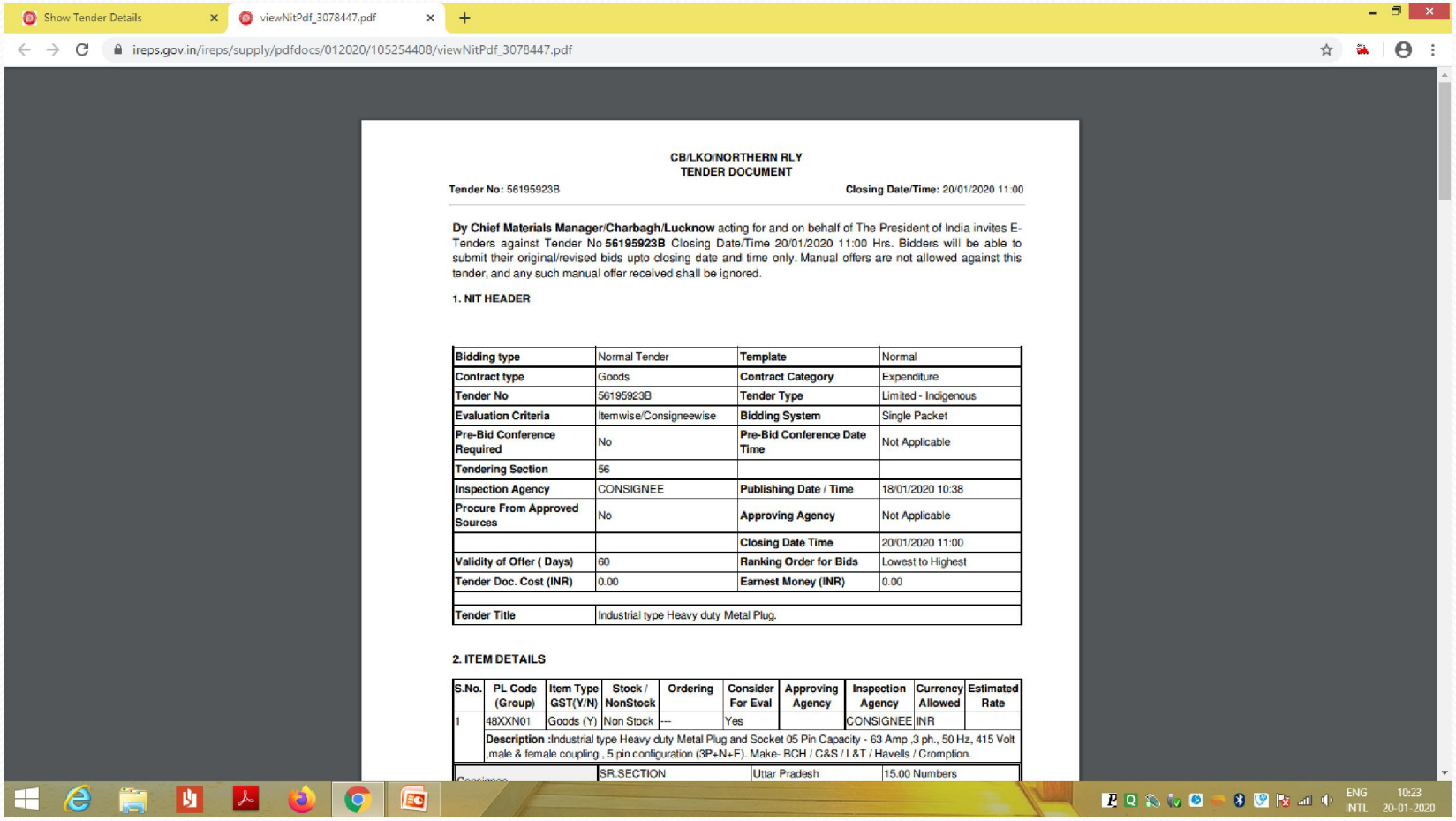
check in IR store



Sr No.	Rly zone.	Total tenders	Action
1	CENTRAL RLY / BHUSAWAL/DIV	1	
2	CENTRAL RLY / BYCULLA-PRINTING-STORES	0	NA
3	CENTRAL RLY / BYCULLA-S-T-STORES	42	
4	CENTRAL RLY / CAO-C-CR-STORES	0	NA
5	CENTRAL RLY / COACHING-LTT-STORES	7	
6	CENTRAL RLY / CON/ENGG-STORES	0	NA
7	CENTRAL RLY / DLS/KALYAN	8	
8	CENTRAL RLY / DLS/KURLA	1	
9	CENTRAL RLY / DLS/PUNE	0	NA
10	CENTRAL RLY / ELS/AJNI-STORES	20	
11	CENTRAL RLY / ELS/KALYAN	25	
12	CENTRAL RLY / GSD/CRD	1	
13	CENTRAL RLY / HQ/MEDICAL/PUR-STORES	0	NA
14	CENTRAL RLY / KURDUWADI/DEPOT-STORES	7	
15	CENTRAL RLY / MTN	56	
16	CENTRAL RLY / MUMBAI/DIV	20	
17	CENTRAL RLY / NGP/DIV	15	
18	CENTRAL RLY / PUNE/DIV	50	
19	CENTRAL RLY / SIG/BHUSAWAL	0	NA
20	CENTRAL RLY / SOLAPUR DIVISION-STORES	0	NA
21	CENTRAL RLY / SOLAPUR/DIV	25	
22	CENTRAL RLY / STNDEPOT/BYCULLA	19	
23	CENTRAL RLY / STORES	411	
24	CENTRAL RLY / STORES/BHUSAWAL/ACL	61	
25	CENTRAL RLY / STORES/KALVA	14	
26	CENTRAL RLY / STORES/MANMAD	17	
27	CENTRAL RLY / STORES/PAREL	132	

check in IR store

check the tender document



Material receipt

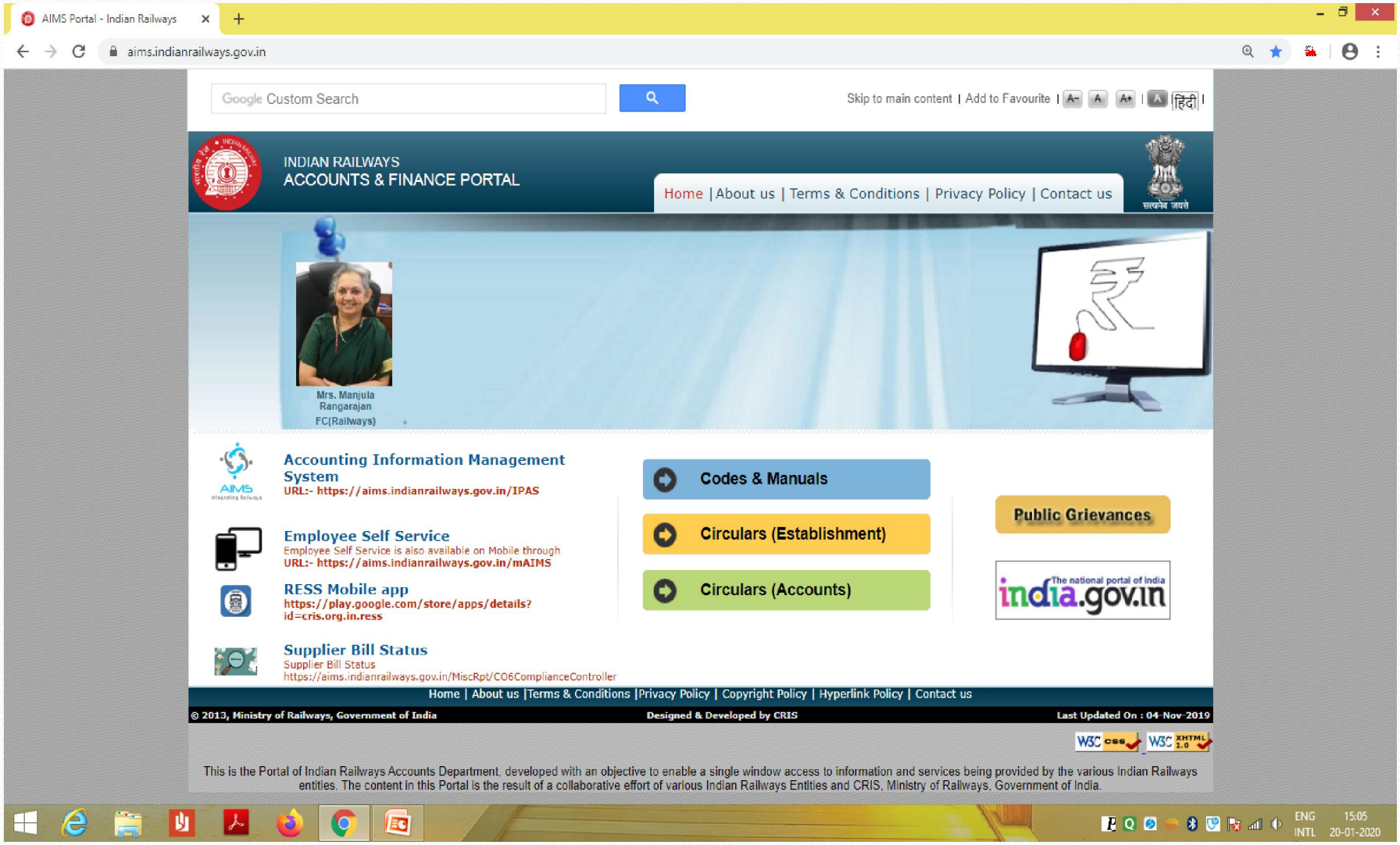
- Firm will supply the item to store CRS section after technical suitability and rate reasonability by indenter.
- It will be supplied to consignee after entry at RPF
- Get the material check and installed
- Put the remarks regarding entry in T&P register, recd. Qty
- Signed by Supervisor & Officer

Thanks…

Topic-10

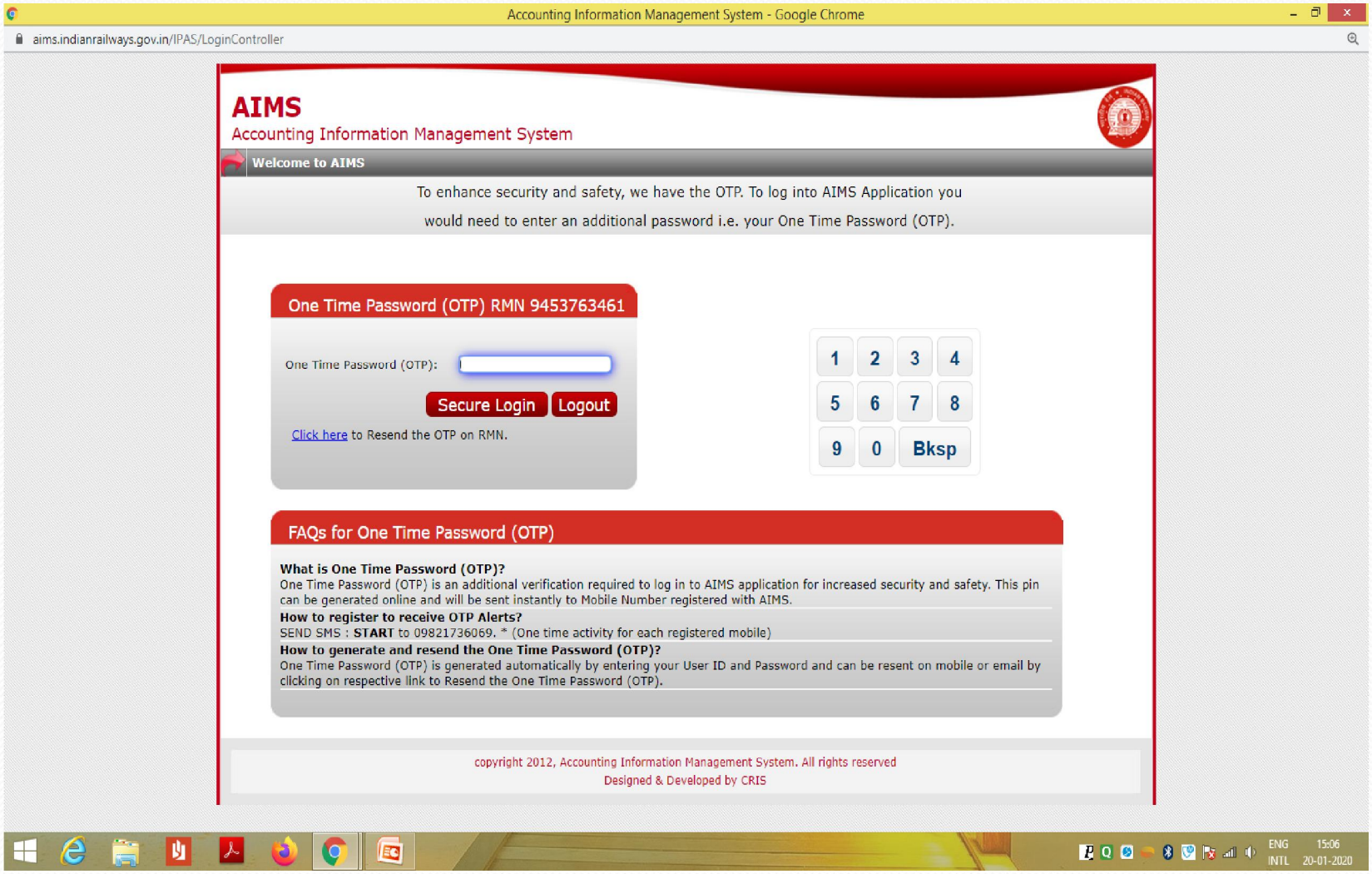
Processing the bill through aims portal

Open the site aims.indianrailways.gov.in

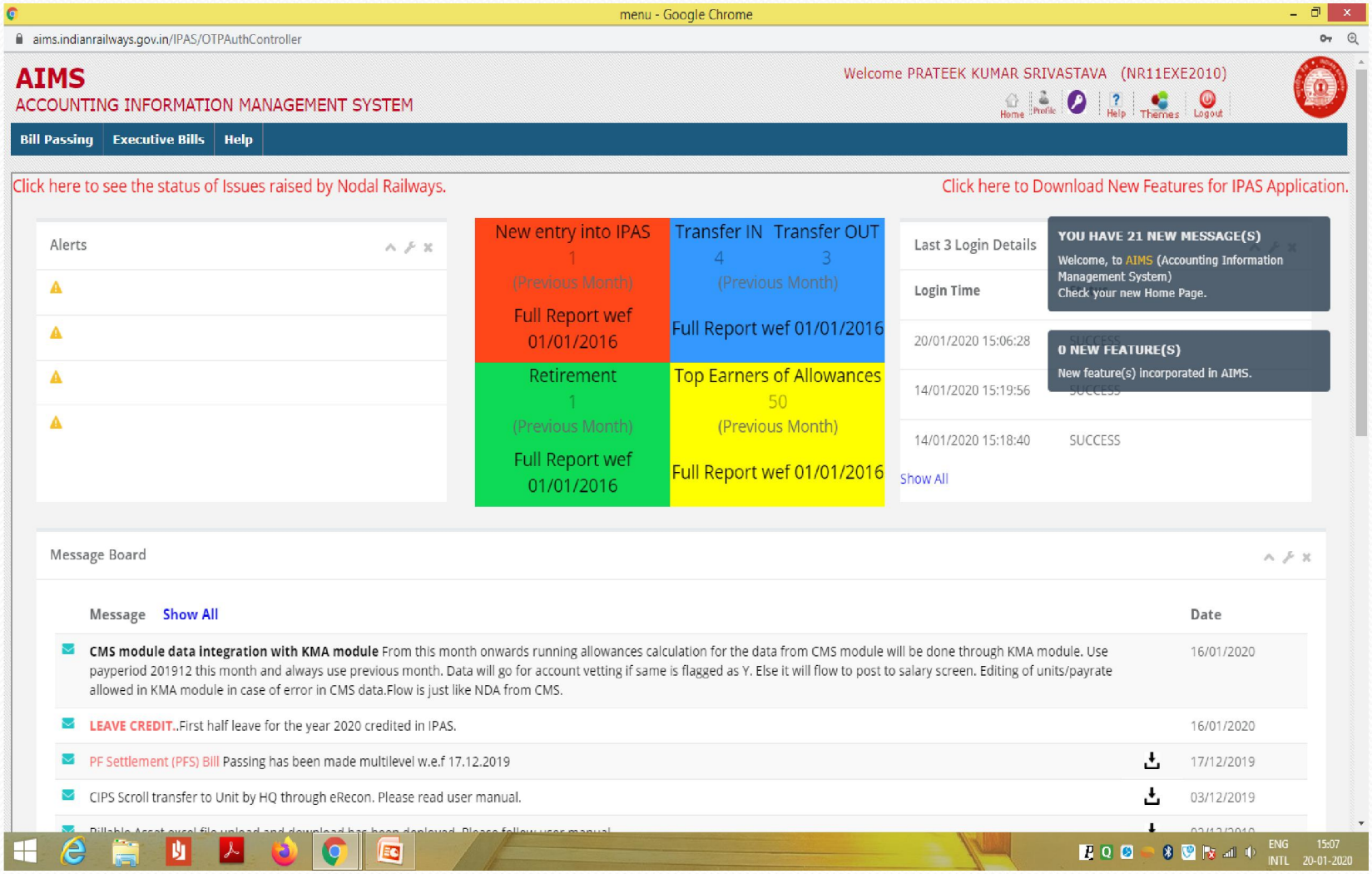


Click account information management system

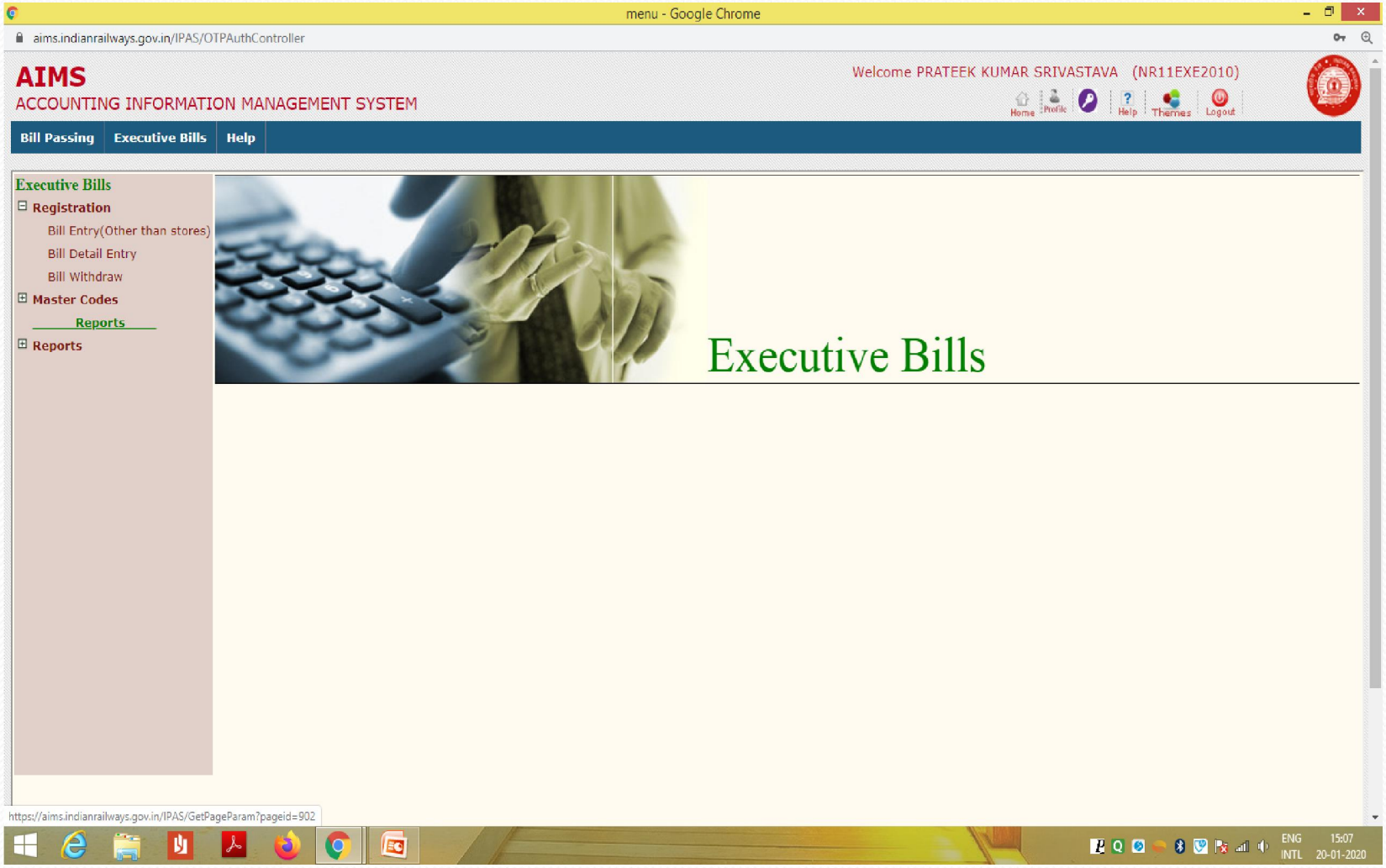
Enter the OTP and login



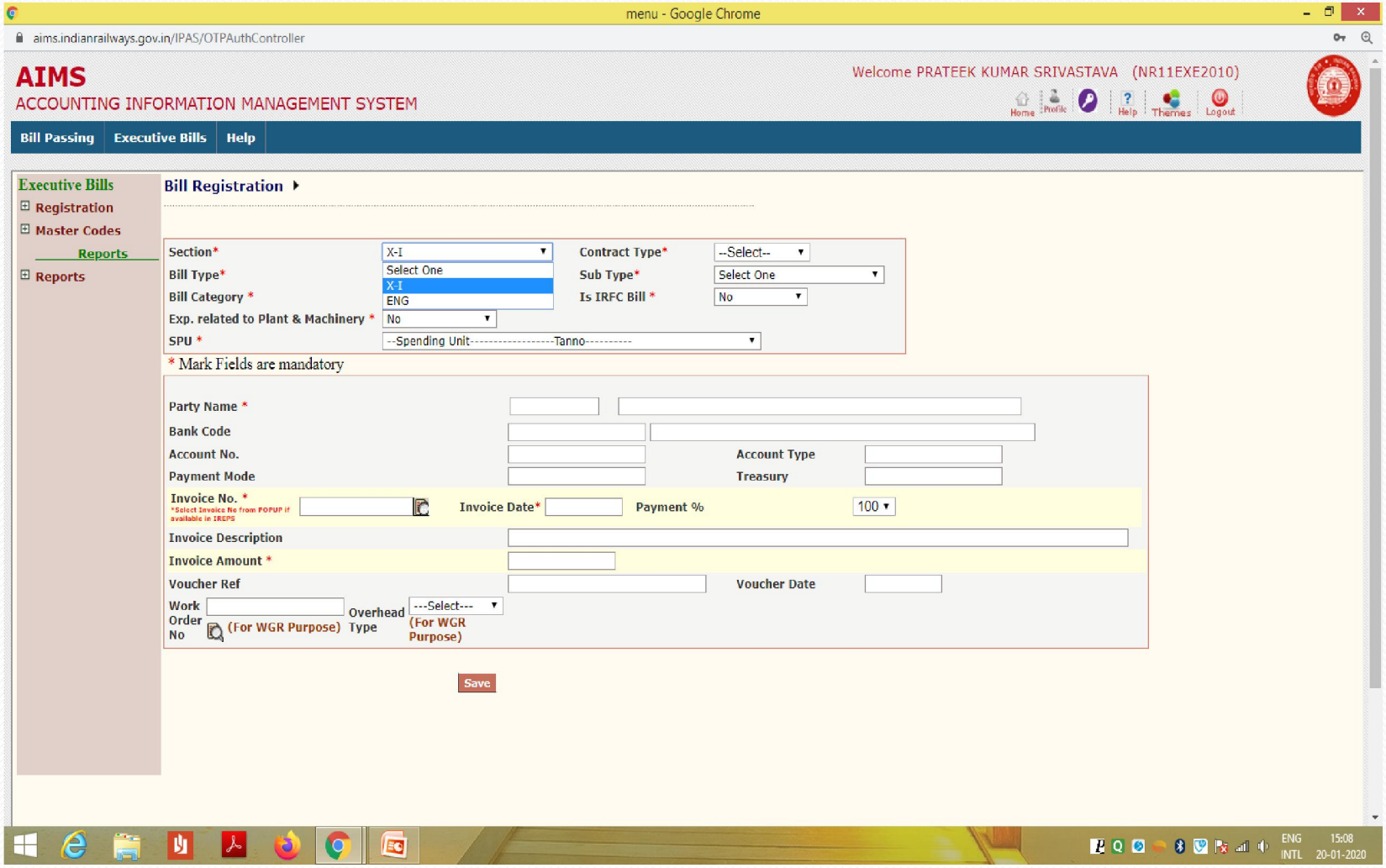
View of main page



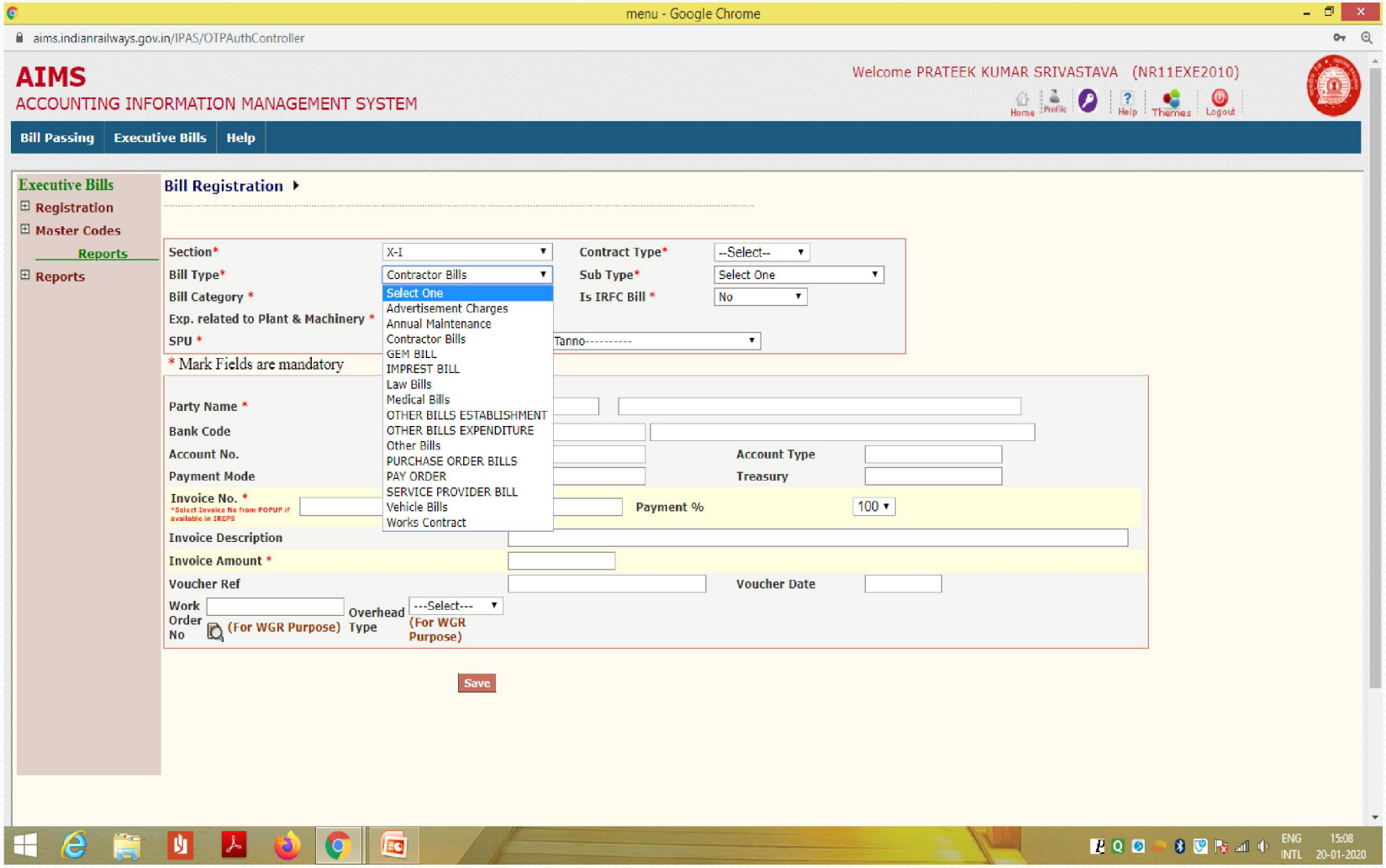
Open registration and bill entry option



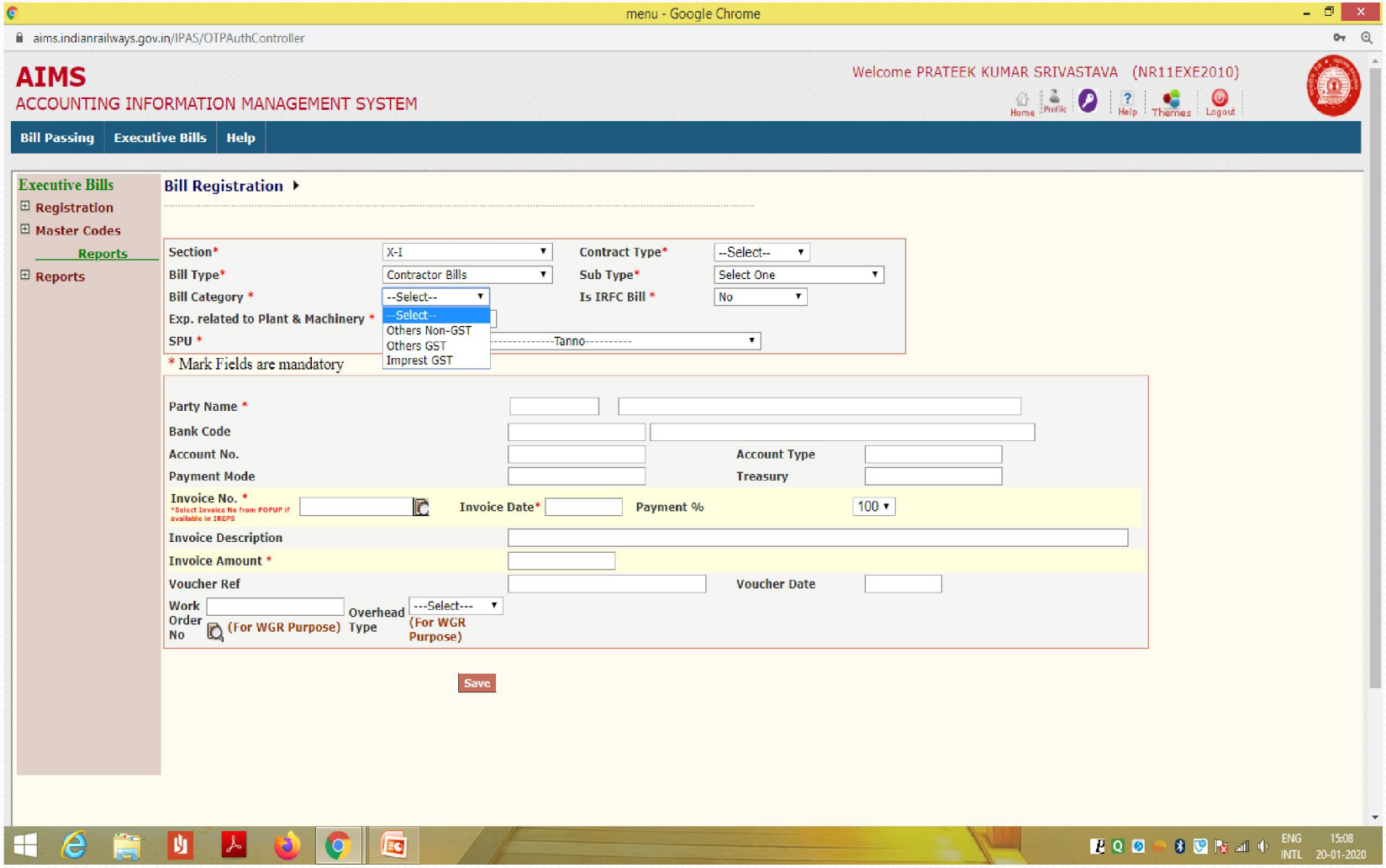
Select section



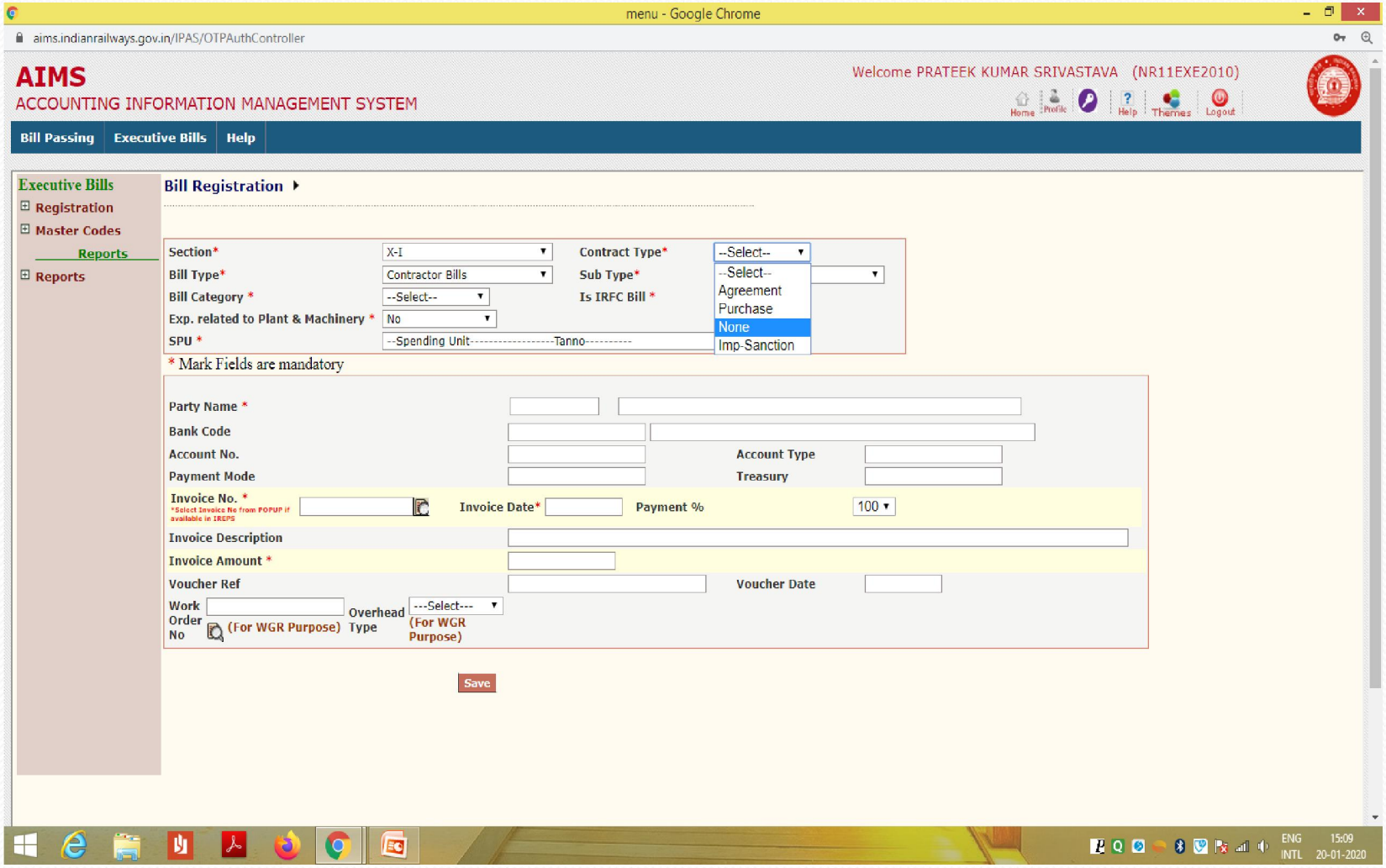
Select bill type



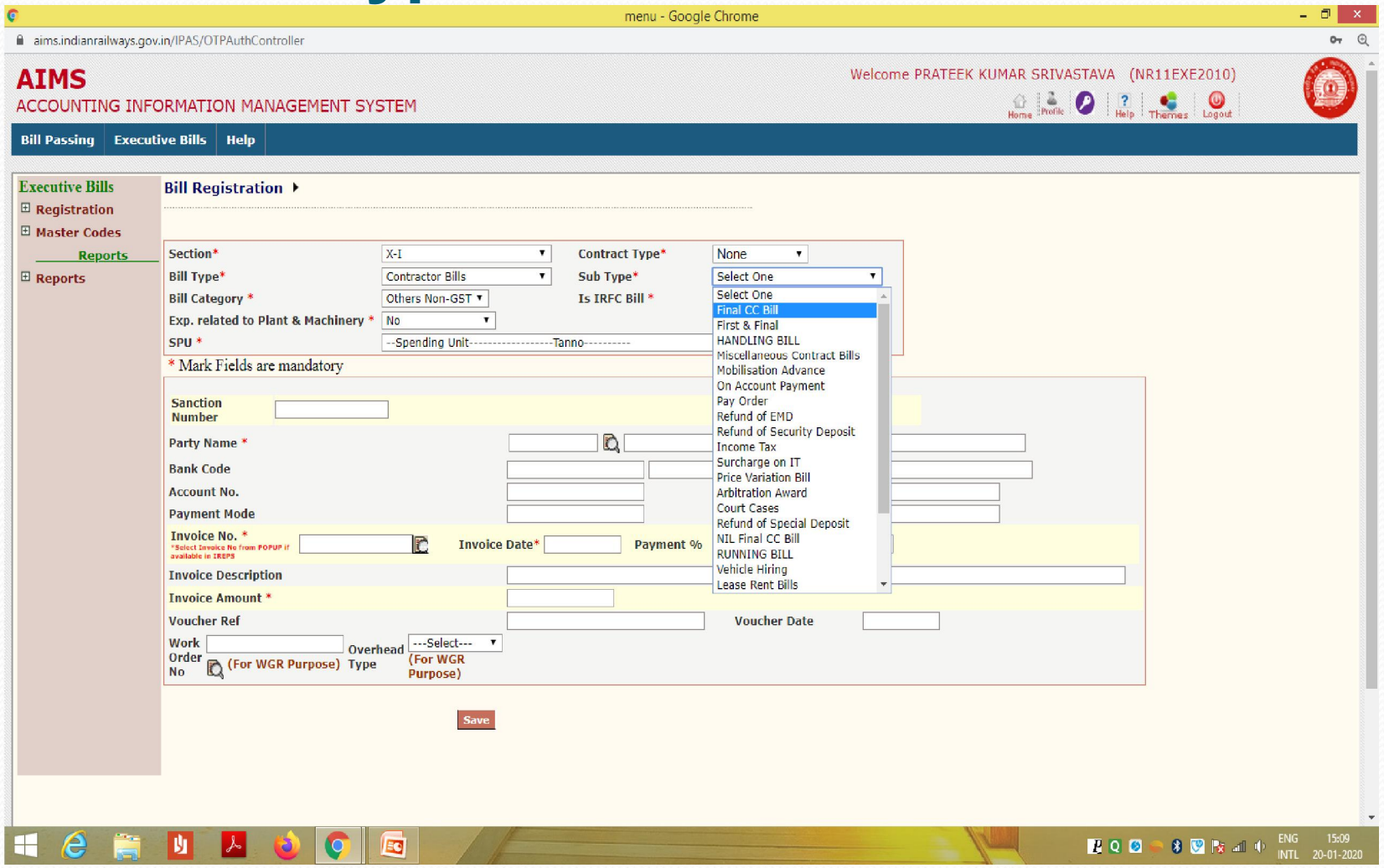
Select bill category



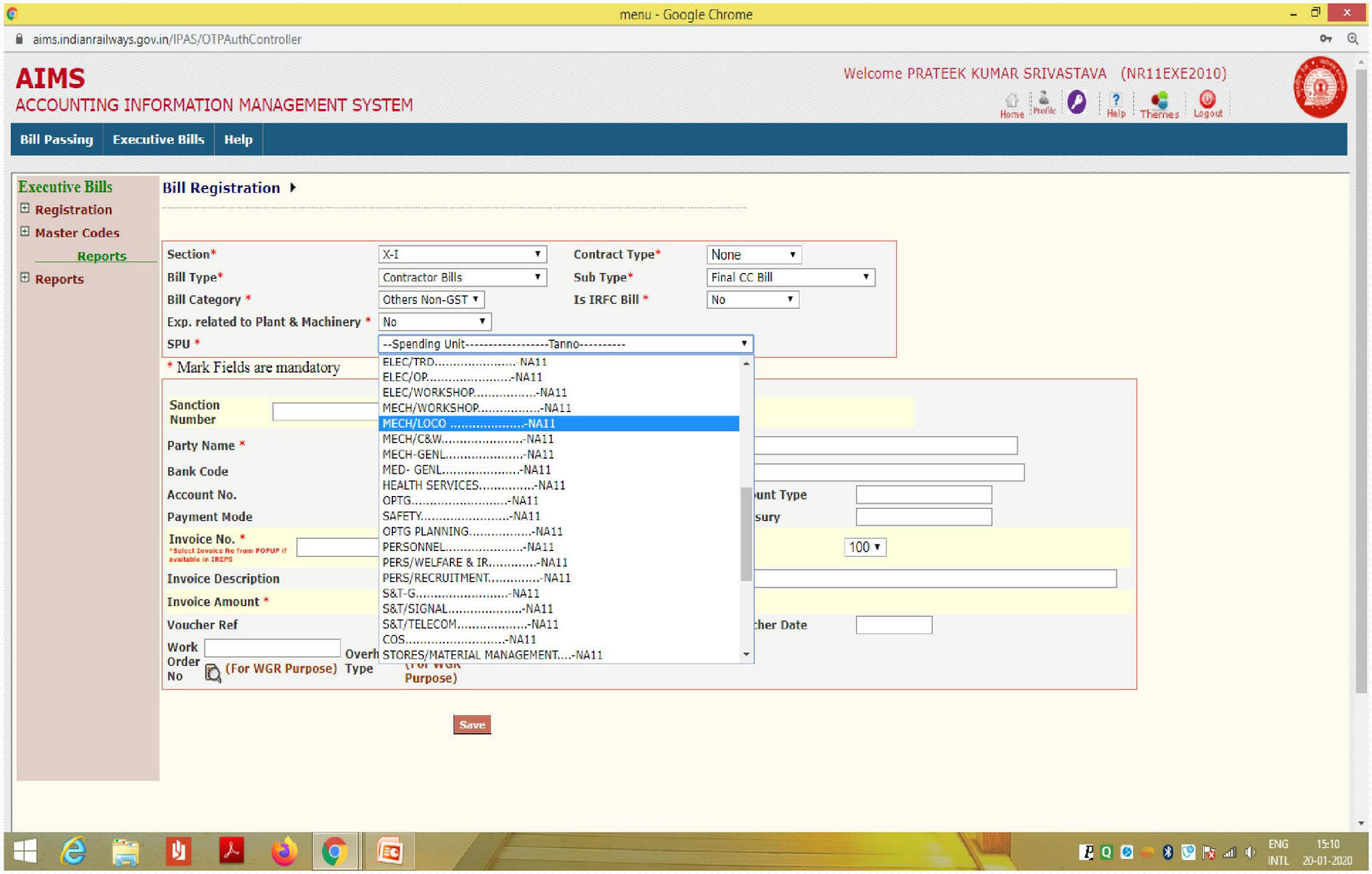
Select contract type



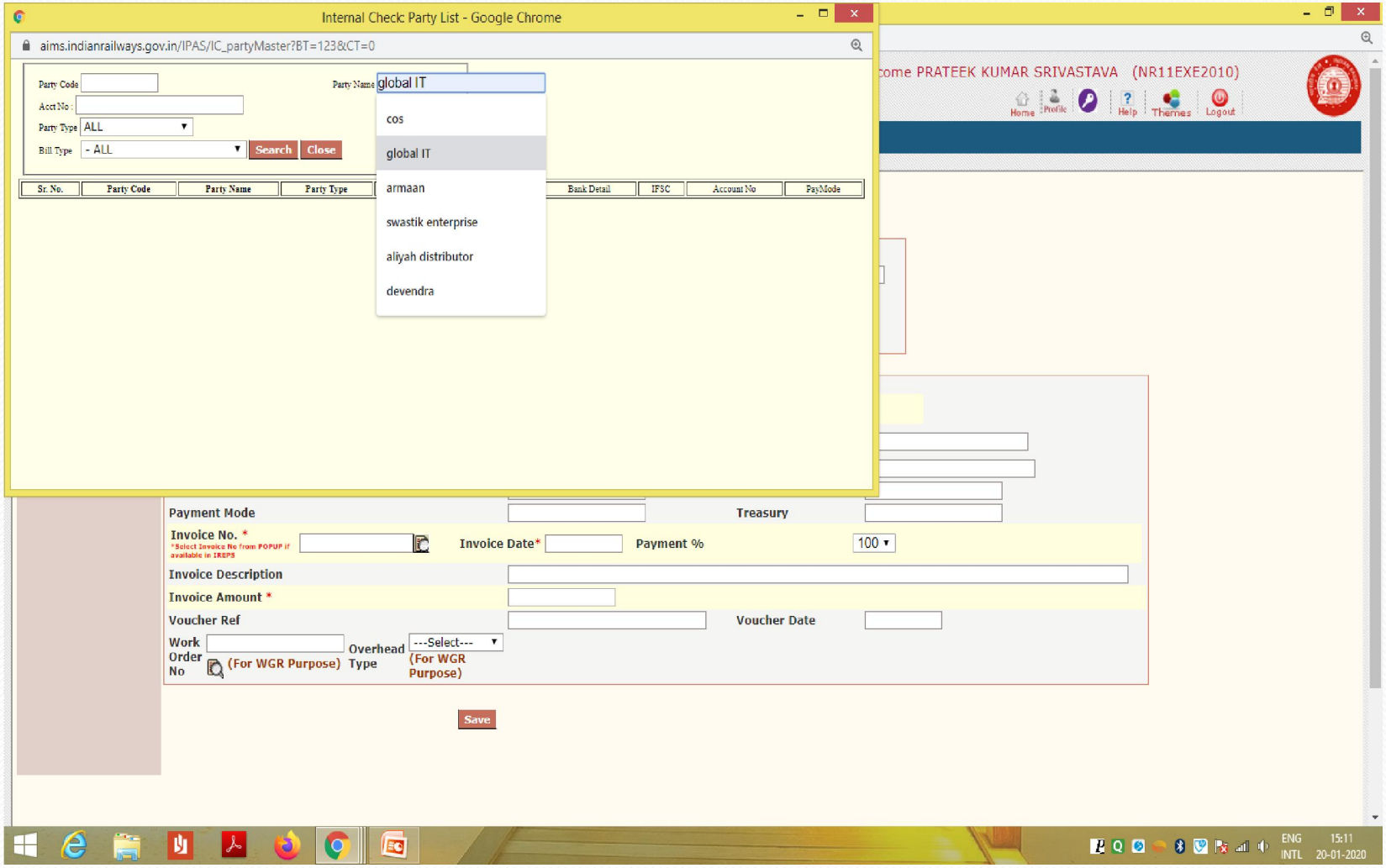
Select sub type



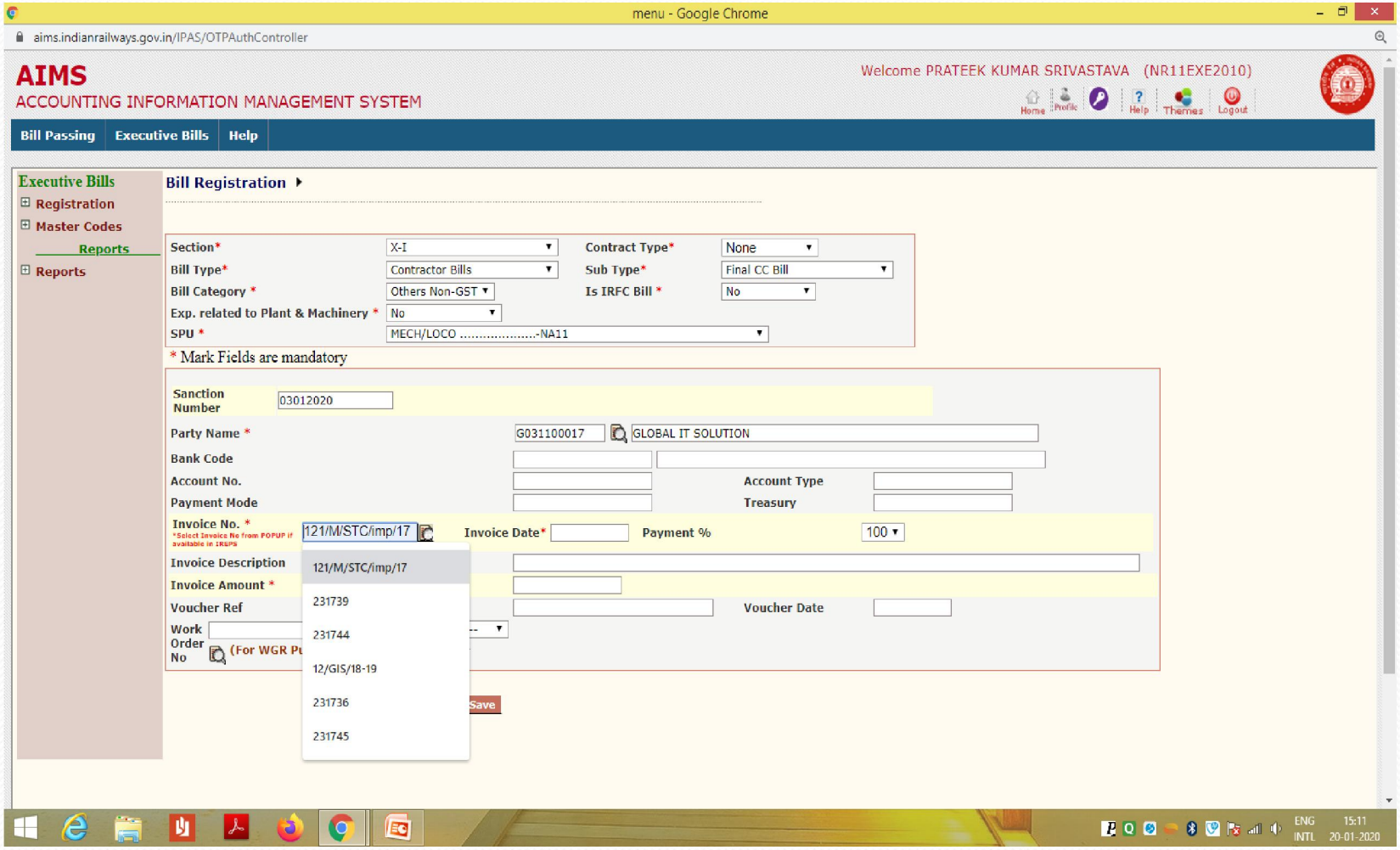
Select Spending unit



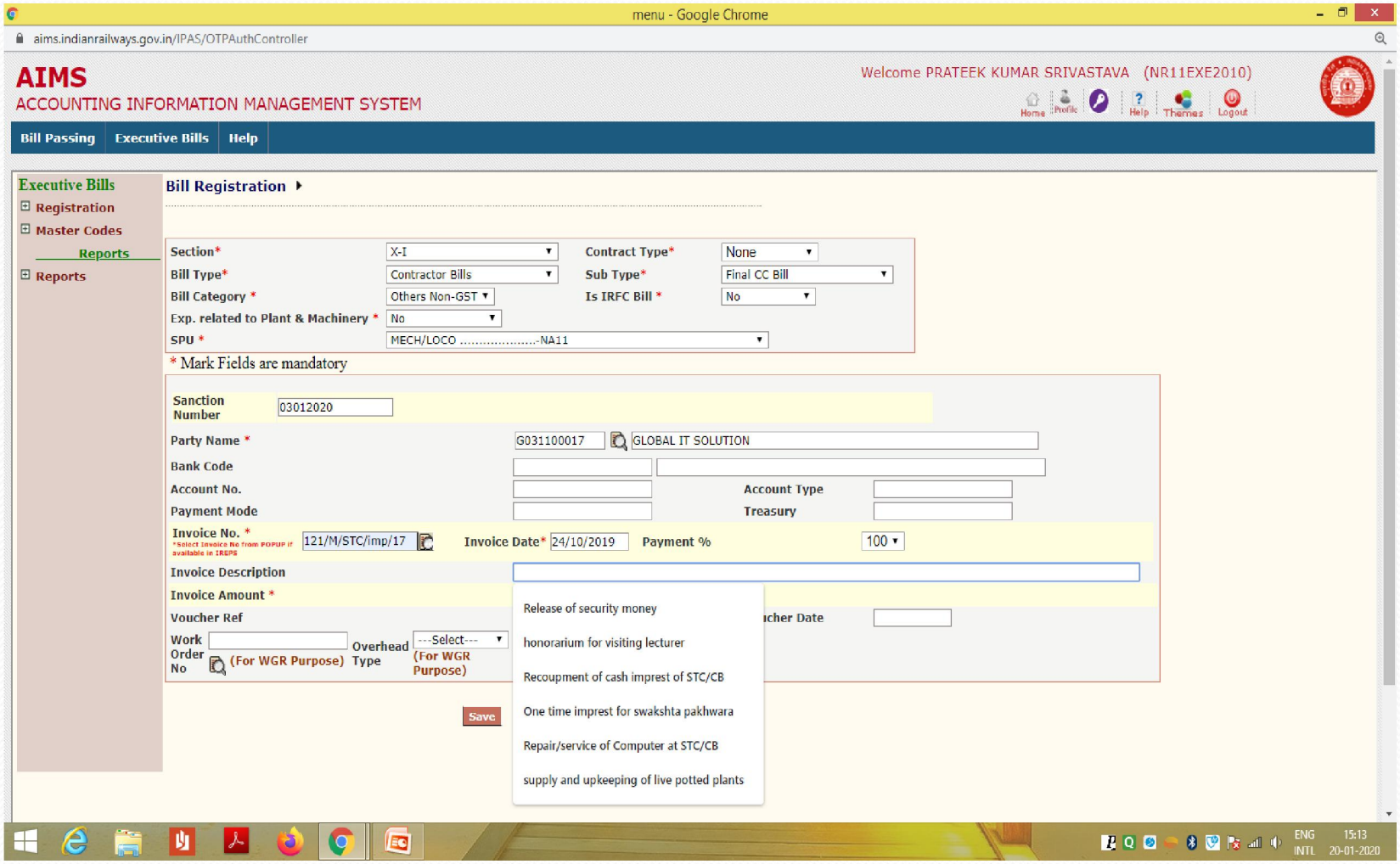
Select party name and account number



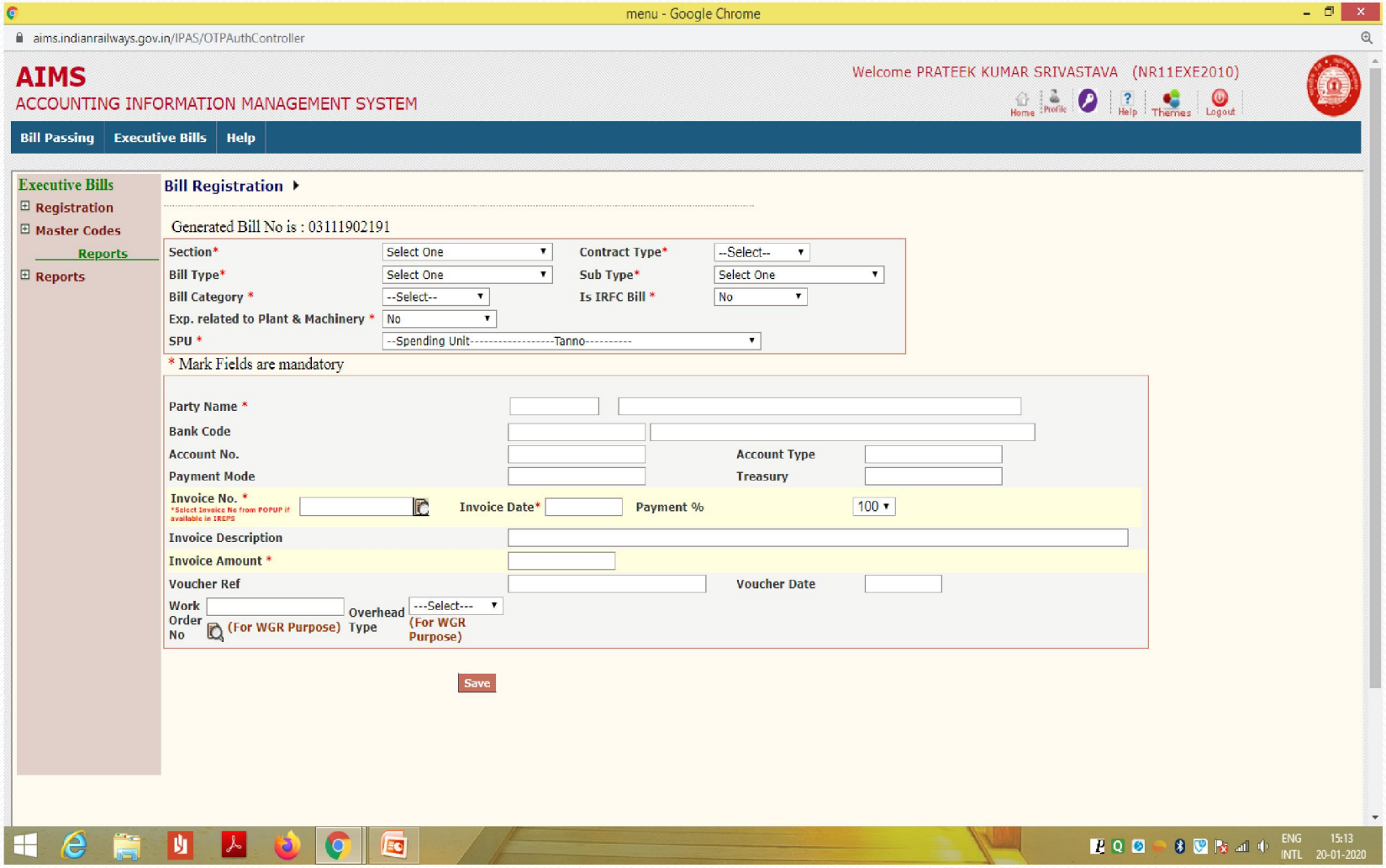
Fill invoice number



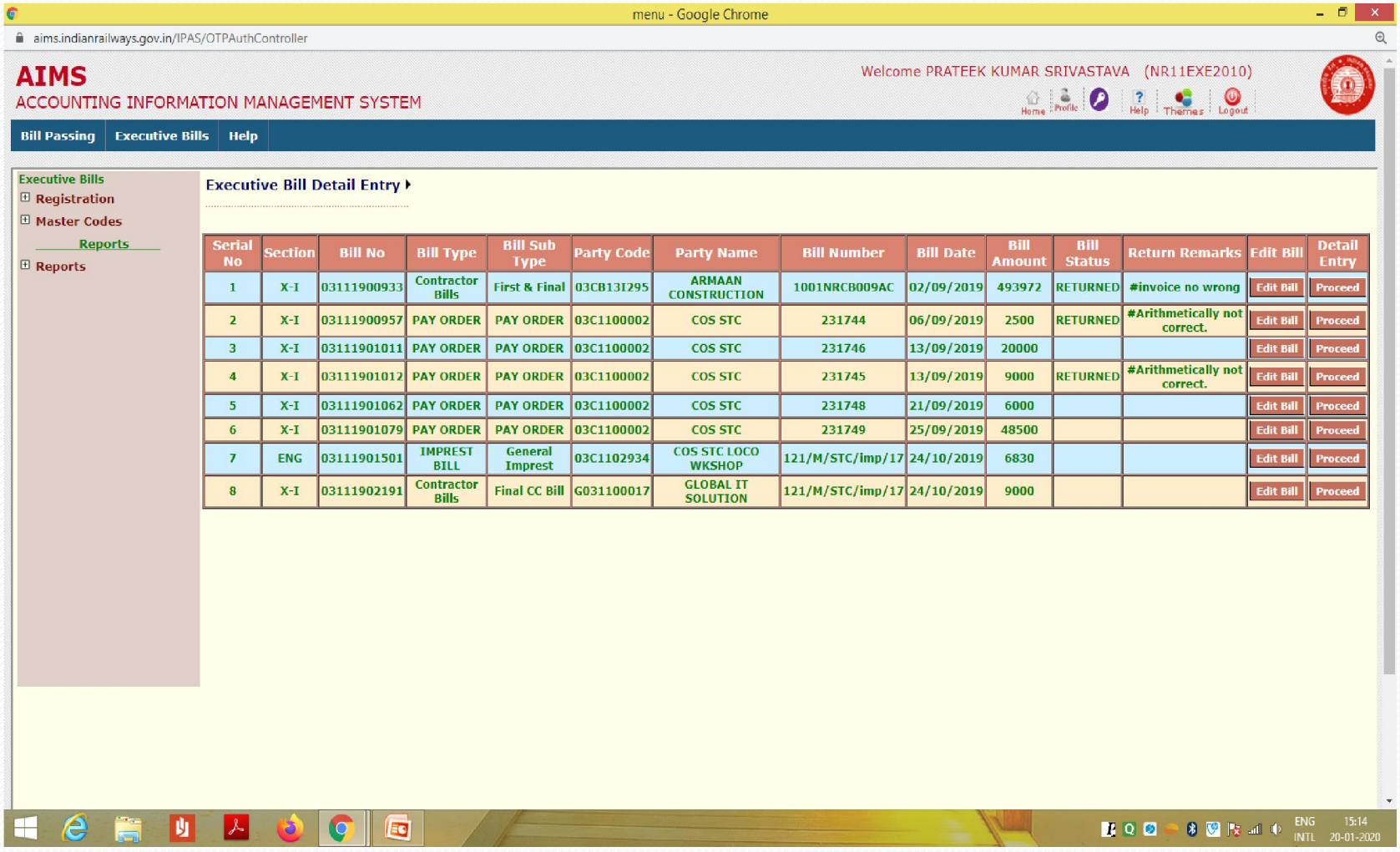
Fill invoice date and description of work



Click save button and generate bill number

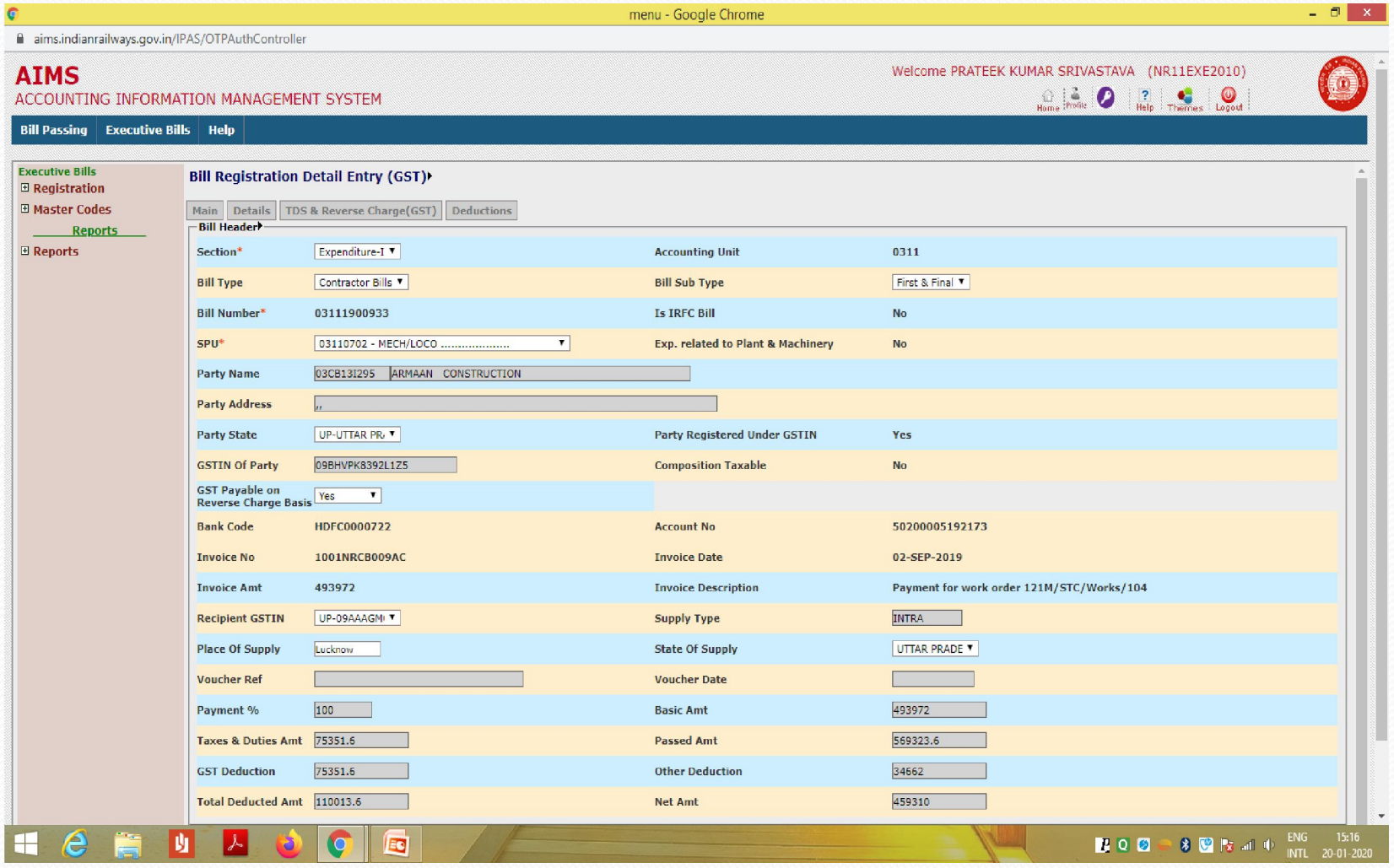


Click bill registration and go to detail entry

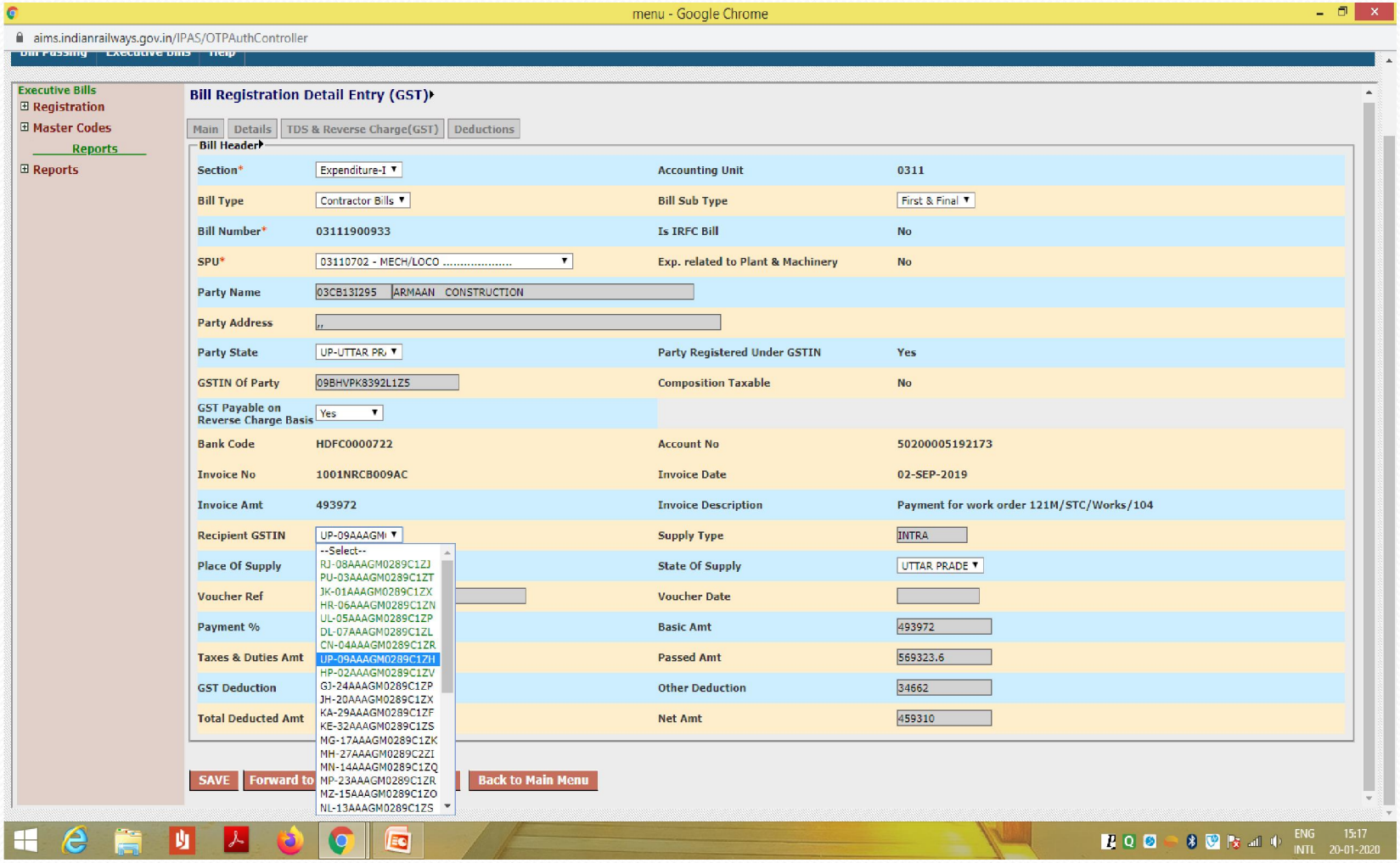


Serial No	Section	Bill No	Bill Type	Bill Sub Type	Party Code	Party Name	Bill Number	Bill Date	Bill Amount	Bill Status	Return Remarks	Edit Bill	Detail Entry
1	X-I	03111900933	Contractor Bills	First & Final	03CB13I295	ARMAAN CONSTRUCTION	1001NRCB009AC	02/09/2019	493972	RETURNED	#invoice no wrong	Edit Bill	Proceed
2	X-I	03111900957	PAY ORDER	PAY ORDER	03C1100002	COS STC	231744	06/09/2019	2500	RETURNED	#Arithmetically not correct.	Edit Bill	Proceed
3	X-I	03111901011	PAY ORDER	PAY ORDER	03C1100002	COS STC	231746	13/09/2019	20000			Edit Bill	Proceed
4	X-I	03111901012	PAY ORDER	PAY ORDER	03C1100002	COS STC	231745	13/09/2019	9000	RETURNED	#Arithmetically not correct.	Edit Bill	Proceed
5	X-I	03111901062	PAY ORDER	PAY ORDER	03C1100002	COS STC	231748	21/09/2019	6000			Edit Bill	Proceed
6	X-I	03111901079	PAY ORDER	PAY ORDER	03C1100002	COS STC	231749	25/09/2019	48500			Edit Bill	Proceed
7	ENG	03111901501	IMPREST BILL	General Imprest	03C1102934	COS STC LOCO WKSHOP	121/M/STC/imp/17	24/10/2019	6830			Edit Bill	Proceed
8	X-I	03111902191	Contractor Bills	Final CC Bill	G031100017	GLOBAL IT SOLUTION	121/M/STC/imp/17	24/10/2019	9000			Edit Bill	Proceed

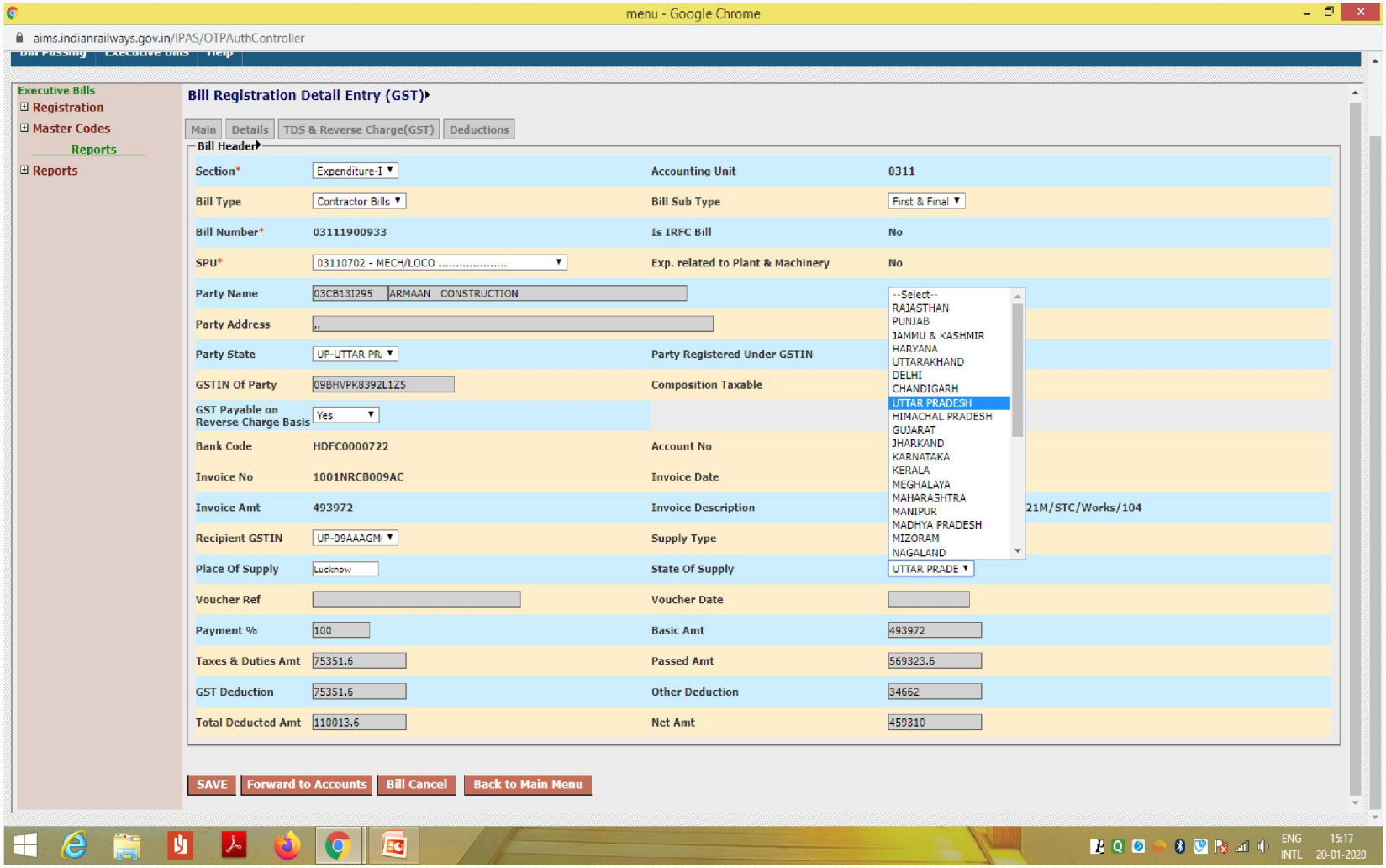
Fill the details



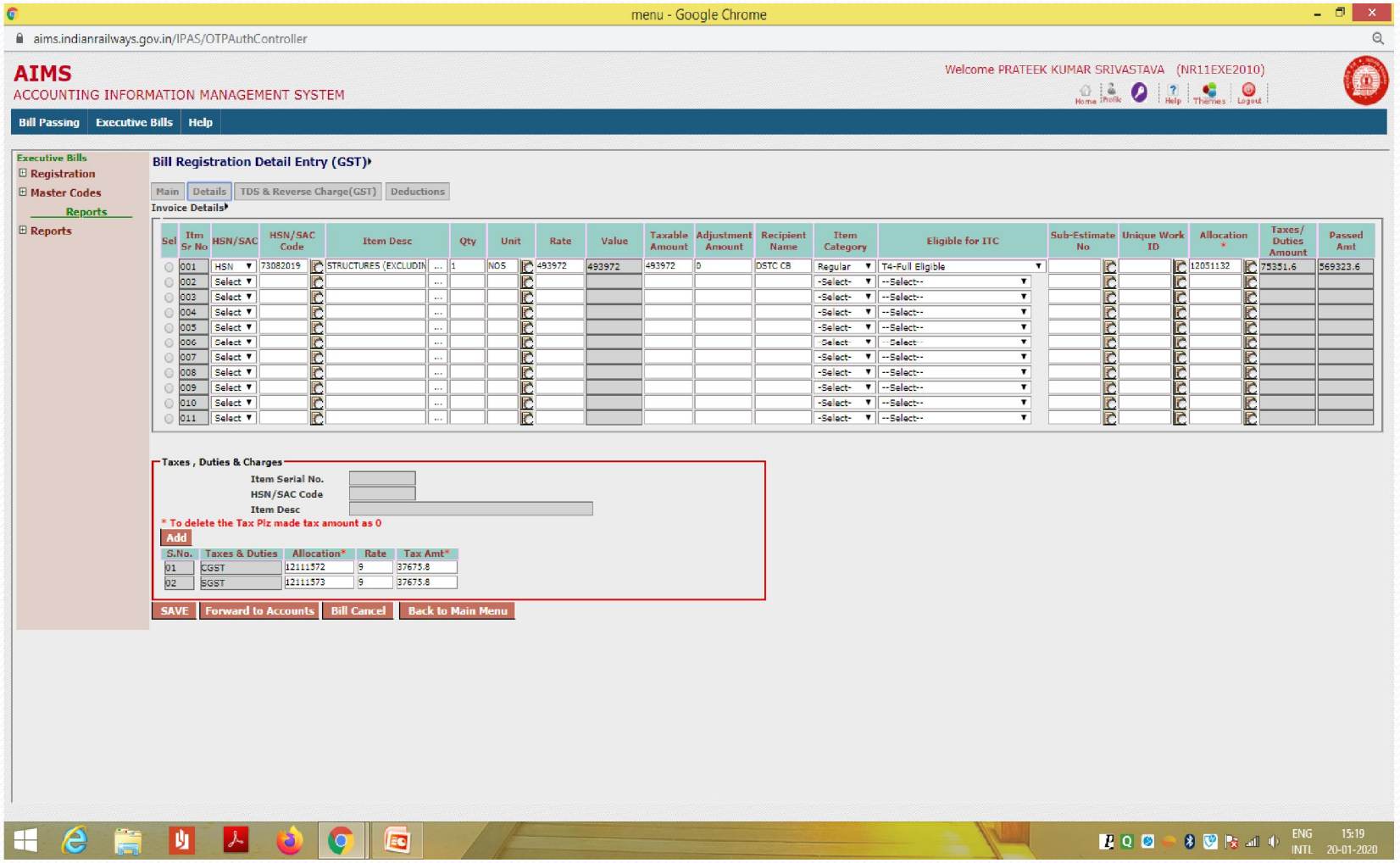
Fill recipient GSTIN and state of supply



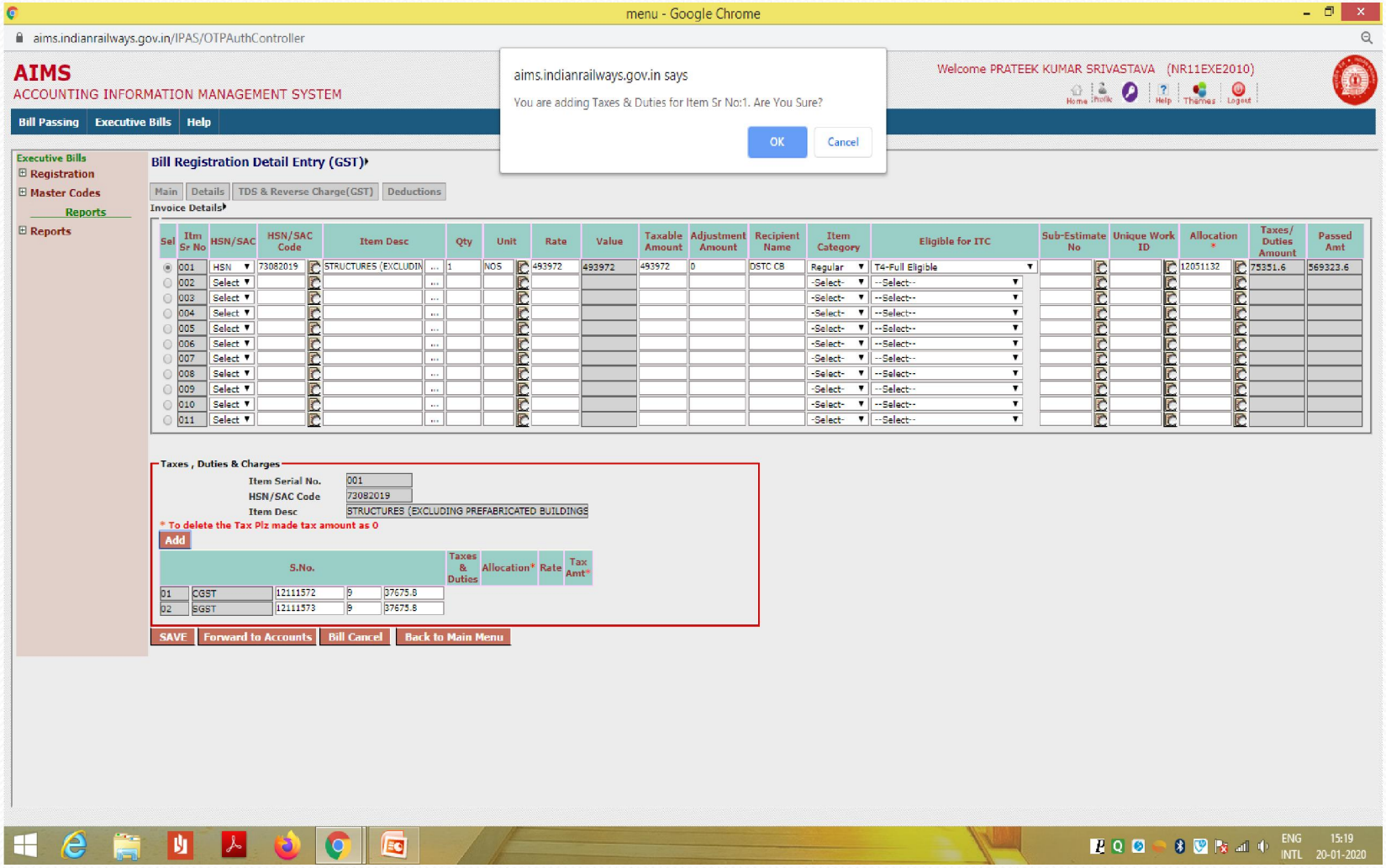
Fill recipient GSTIN and state of supply



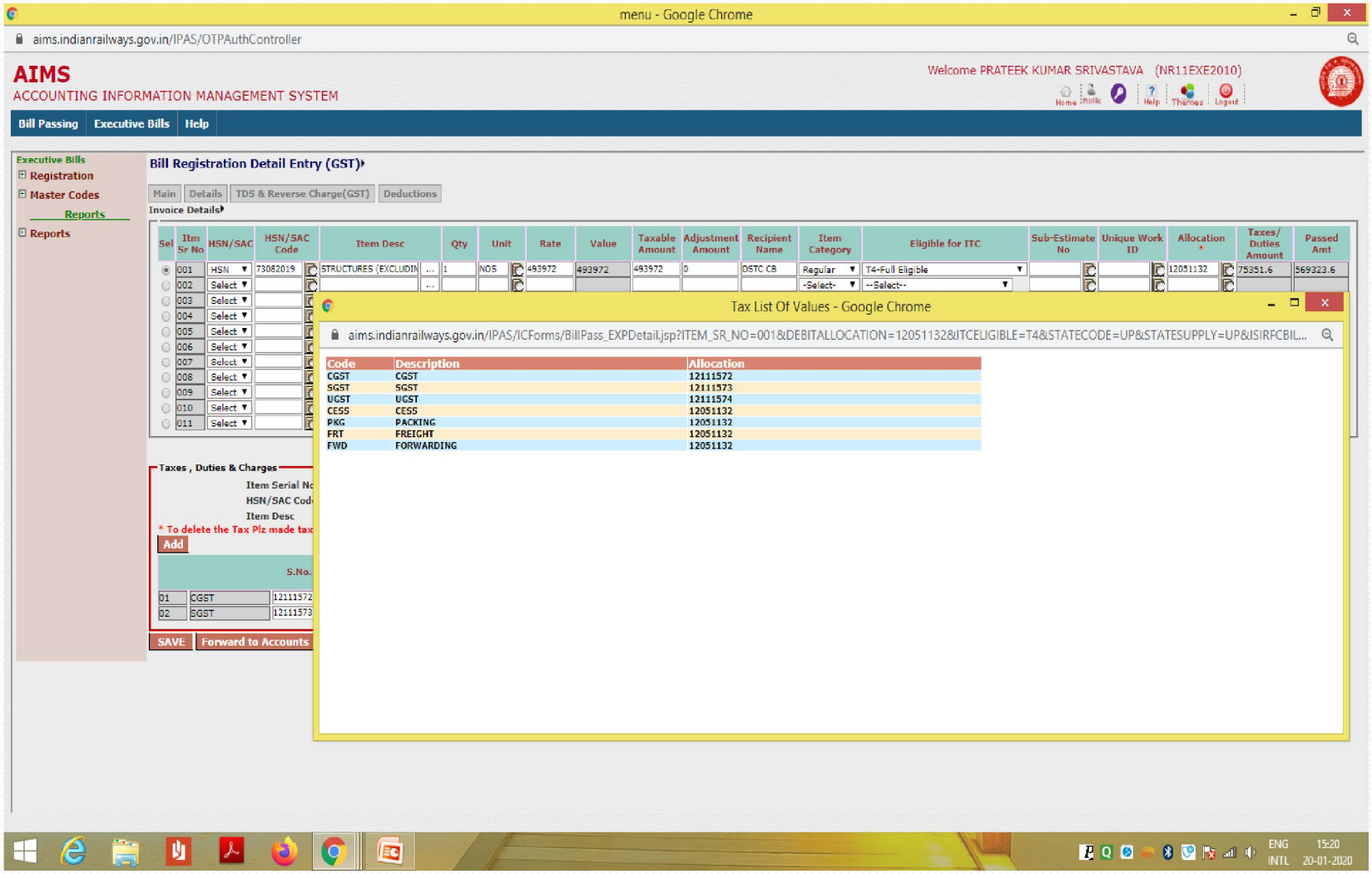
Click on detail button and make entries



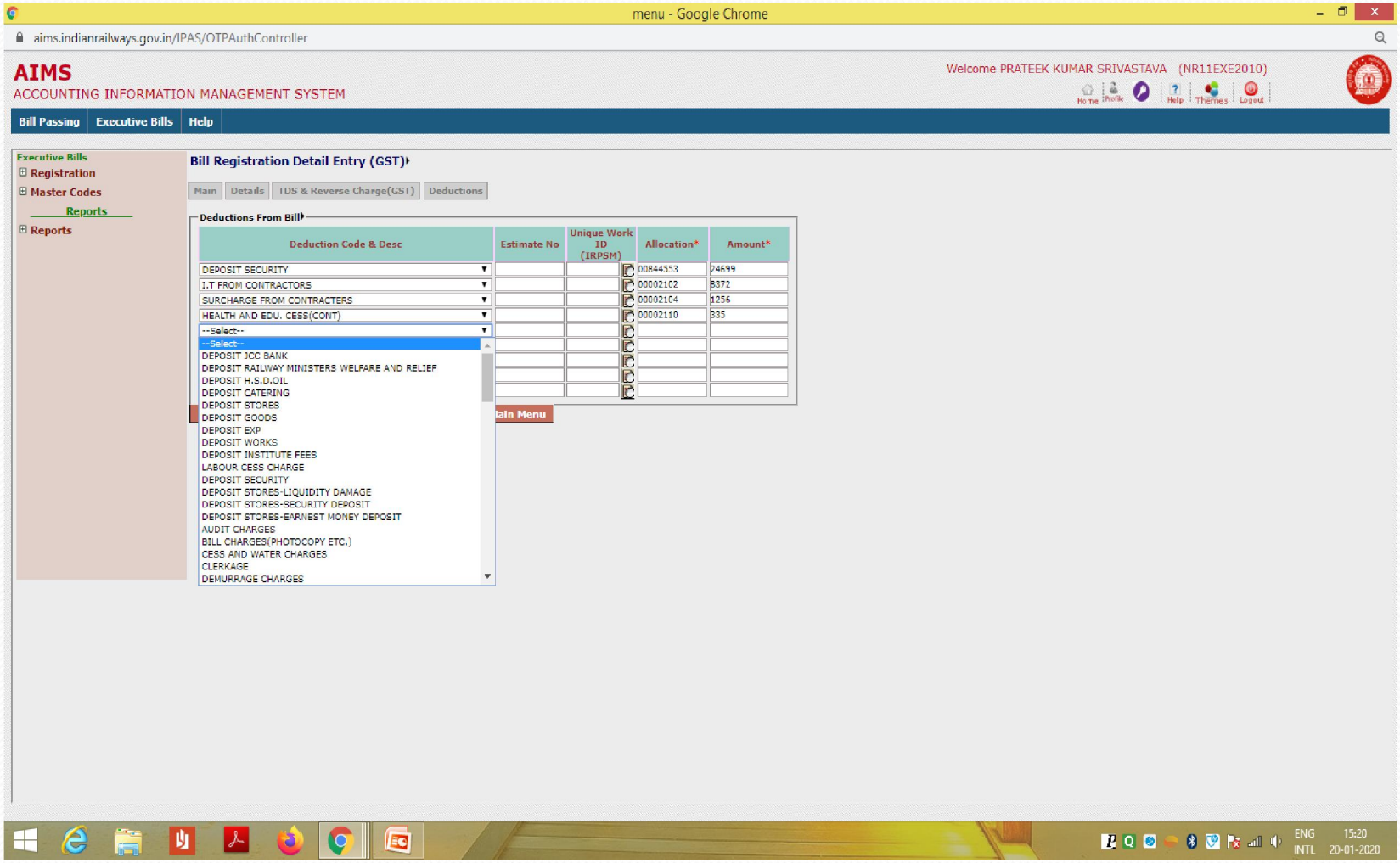
Adding tax and duties



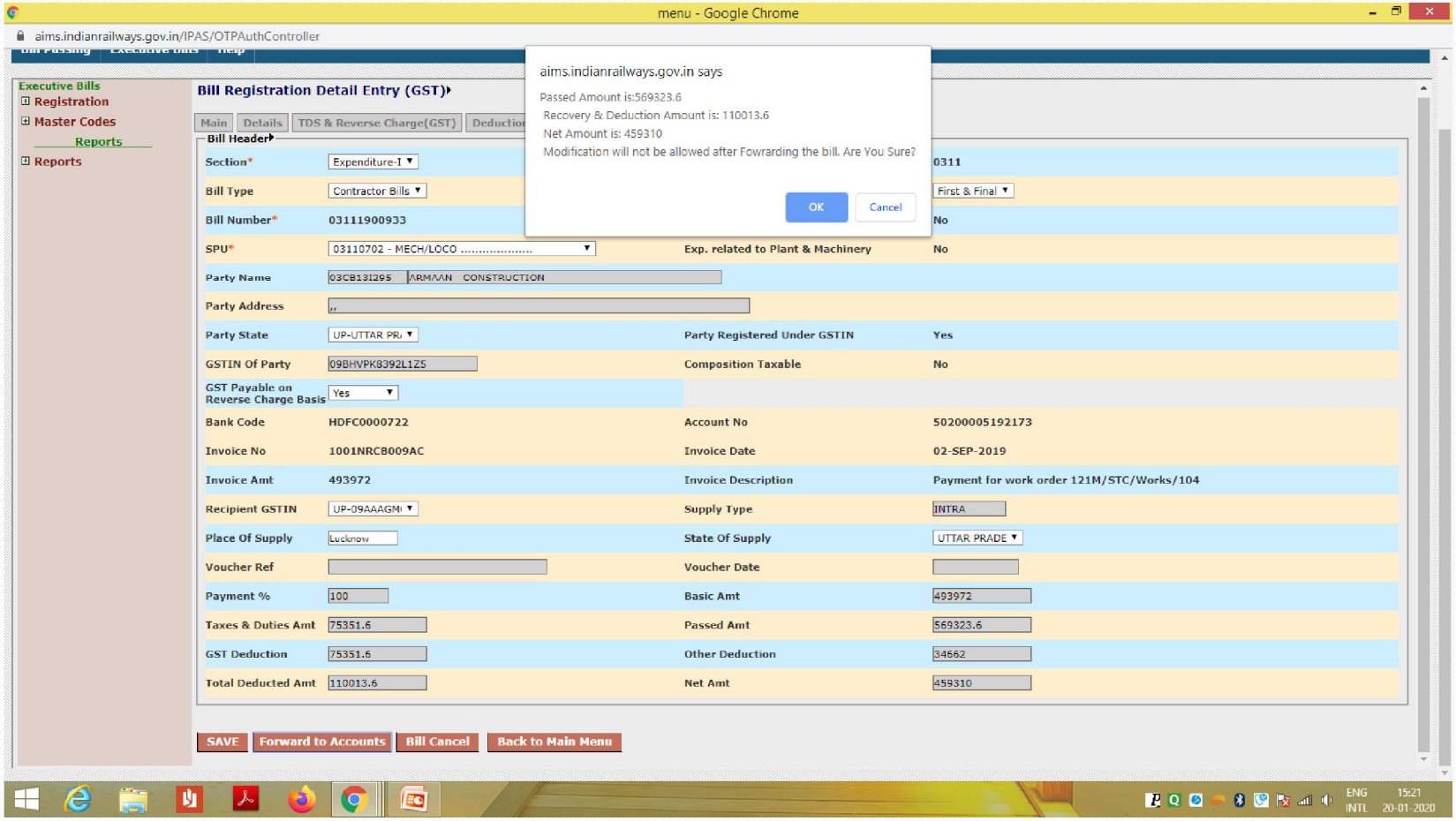
Select item and type of tax



Click on deduction and add values



Check items before final submission



Thanks…

Topic-11

Common irregularities/lapses observed in award and execution of contracts

Introduction

The Chief Technical Examiner's Organization (CTEO) in the Central Vigilance Commission is the technical wing of the Commission and it advises the latter on all technical /contract matters. One of the important functions of the CTEO is to conduct an independent technical examination of various works, reported by the CVO's in their quarterly progress reports. effort has been made to highlight some of the important areas, which are more prone to recurrence of lapses/irregularities, in a large number of organizations.

Works Manual

Ideally, the objective of any public contracting is to get the proposed work executed as per bid specifications within a given time schedule and at the most competitive prices. It is felt that the absence of a proper Works Manual in most organizations constitutes a significant weakness in the system as it results in a lack of quality supervision in the execution of works as benchmark standards are not available.

Necessity and justification of work

In the course of inspections by the CTEO, it has been noticed that at times, proposals are initiated and works executed by the organizations without establishing the need or justification for such works. In worst cases, the proposals are initiated in collusion with contractors to buy and install equipments nearing obsolescence resulting in completely infructuous expenditure. Before according administrative approval for any project, it is necessary to establish its techno-commercial viability in terms of rate of return and other benefits.

Appointment of consultants

Some organizations appoint consultants due to lack of in-house expertise in technical matters. While hiring consultants is justified for such organizations, of late, it has been observed that even the engineering departments and some PSUs, with large technical set-up have indulged in the practice of hiring consultants. It has invariably been noticed that the appointment of consultants is done in an ad hoc and non-transparent manner without inviting tenders and without collecting adequate data about their performance, capability and experience.

Estimates

In some cases, it has been observed that the estimated value put to tender is at large variance with the actually accepted value of the contract. The reasons for this can be attributed to either wrong assessment of quantities of items or the sketchy estimates prepared in an unprofessional manner. Sometimes to arrive at the estimated value for a particular item, the rates of lower capacity items are extrapolated or a linear escalation is added to the last accepted rates for similar items.

Notice Inviting Tender

The most preferred, competitive and transparent mode of tendering is to go in for Open/Advertised tenders. However, there is a tendency in some organizations to go in for limited tenders for high value works. The reasons given for this are, either that the work has to be completed in a very short time or that the firms known for carrying out a particular work are very few in number. Surprisingly, in some cases, the notice was published only in the 'evening' newspapers.

Pre-qualification criteria

The pre-qualification criterion is a yardstick to allow or disallow the firms to participate in the bids. A vaguely defined PQ criteria results in stalling the process of finalizing the contract or award of the contract in a non-transparent manner. It has been noticed that organizations, at times pick-up the PQ criteria from some similar work executed in the past, without appropriately amending the different parameters according to the requirements of the present work.

Tender / bid documents

It has been noticed that tender documents containing instructions to bidders, or the general and the special conditions of contract are not updated to suit the contract requirement. As a result of obsolete, irrelevant and sometimes conflicting, vague and incomplete clauses are incorporated in the bid documents. Sometimes the ambiguities in the contract clauses are detected at the time of execution of works and due to wrong interpretations/disputes, contracts get delayed.

Receipt of tenders

The receipt of tenders in some organizations is done in an organized and ad-hoc manner. Sometimes the bidders representative leave the tenders with the concerned staff or send these through post addressed to some officer without having proper superscription over the envelopes resulting in the accidental opening of such tenders. This practice is highly objectionable and has to be severely discouraged, as it may cause tampering of offers and leakage of sensitive information

Opening of tenders

In some organizations, the tenders are not opened in the presence of the bidders' representatives on the plea of maintaining absolute secrecy. Such a practice of not opening tenders in public and of not disclosing the rates quoted by all bidders to other firms is against the sanctity of the tendering system, and is a non-transparent method of handling tenders. The possibility of tampering and interpolation of offers, after opening of tenders, in such cases cannot be ruled out.

Postponement of tender opening

It has been noticed that whenever extension in tender opening is given due to any reason the intimation regarding the extension is sent only to such bidders who had purchased tender documents originally. In order to give an equal opportunity to all the bidders and to maintain the sanctity of tendering system, it is of paramount importance that any change in the tender terms and conditions, specifications and tender opening date, etc. be notified to all the bidders sufficiently in advance.

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Techno-commercial evaluation of tenders

Open /advertised tenders:

There have been some cases in which the tenders were issued to the technically pre-qualified firms and, after receiving their offers on single bid basis, the offer of lowest bidder was rejected on technical grounds.

Techno-commercial evaluation of tenders

limited tenders :

In cases where firms are short-listed for issuing of tenders on limited basis, the techno-commercial competence and other credentials are required to be scrutinized thoroughly. After the offers from such short-listed firms are received, there should normally be no occasion to reject them on technical grounds.

Post tender negotiations

As per CVC guidelines negotiations except in case of negotiations with L-1 are banned. It is clarified that the ban on the post tender negotiations does not mean that the policy of the Government of India for purchase preference for pubic sector should not be implemented. many a time the volume of work to be executed is much more than L-1 alone can supply. In such cases the work may be distributed in such a way that the same is done in a fair transparent and equitable manner.

Reasonableness of prices/market rate justification

It has been noticed that works are awarded to the firms by virtue of being lowest among all the bidders without analyzing and establishing the reasonableness of the quoted rates vis-à-vis the estimated rates and the prevailing market rates.

Award of work and signing of contract agreement

In many cases, it is noticed that even if the offer of a particular firm is found acceptable, the work is not awarded within a reasonable time rather, it is prolonged intentionally. In some cases, even though the work order had been issued long back and even the work had started at site, the formal contract agreement between the contractee and the contractor had however not been signed for months.

Completion schedule of contract

The completion period is the essence of any contract but the contract is rarely found to be completed as per the original completion schedule. It has been noticed that most of the organizations grant an extension of time in a liberal and routine manner. The LD clause is not invoked, in cases of delay. Even a proper delay analysis, to establish the cause of delay, is not made.

Thanks…

Topic-12

Terms used in tenders and contracts

Earnest money

- It is an assurance or guarantee on the part of the contractor to keep open the offer for consideration and to confirm his attention to take up the work if accepted in his favour for execution as per terms and conditions.
- While submitting the tender, a certain amount 1% to 2% of total estimated cost of the work is deposited.
- The main objectives are :

➢ Compensation

➢ Punishment

➢ Restriction on unnecessary competition

Security money

- The contractor whose tender has been accepted is to deposit 10% of the tendered amount as security money with the department inclusive of the earnest money already deposited.
- The amount is kept as a check so that the contractor fulfils all the terms and conditions.
- It also serves as security against the materials or tools provided by the department.

Tender

- Tender is an offer in writing to execute some specified work at certain rates, within a fixed time under certain conditions of contract and agreement between the contractor and the party.
- Tender form:

  it is a printed standard form giving bill of quantities, contractors rates, cost of work, estimated money, security deposit, time allowed, signature of witness and officer.

Tender documents

- Following items constitute a tender document:
- NIT (notice inviting tender)
- Tender form
- Schedule of quantities of work to be done, tools and plants to be supplied by department
- General and special conditions of contract
- Complete specification
- One set drawing if necessary

Contract document

- When tender accepted, an agreement between the contractor and owner takes place. Following documents defining the rights and obligations of the owner and the contractor are attached to the agreement bond and this is called contract document. Each page of it bears the signature of contractor and the accepting authority.

Contract document

- Title page – name of work, name of owner, name of contractor, agreement number etc.
- Index page – contains content of agreement with page reference.
- Tender inviting notice – contains brief description of work, estimated cost, date and time of receiving tender, earnest money, time of completion etc.
- Tender form – bill of quantities, contractors rate and total cost, time of completion, security money etc.
- Schedule of issue material – list of material to be issued by deptt with rate and place of issue.

Contract document

- Drawings – complete set of drawing including plan, elevation, section and site plan fully dimensioned.
- Specification – general and detailed specifications
- Conditions of contract – to specify the followings:

  rate of each item, labour, transport, plant/equipment

  amount and form of earnest money

  mode of payment to contractor

  time of completion

  engagement of sub-contractor

  penalty for unsatisfactory work

PAC

I approve the above purchase & I certify that-

(a) No other make/brand will be suitable

(b) This is the only firm who is manufacturing/ stocking this item

(c) A similar article is not manufactured/ sold by any other firms which could be used in lieu of.

Note: If (c) is deleted Purchase Power gets restricted to Rs. 200000/- only, else GM's approval)

Thanks…