

EAST COAST RAILWAY

Office of the
General Manager
Rail Sadan, Chandrasekharapur,
Bhubaneswar – 751017

PCE CIRCULAR NO. 3 of 2014

EFFECTIVE PLANNING OF INVITATION & FINALIZATION OF TENDERS

Most of the works under Engineering Department are being executed through Contracts. However the following is observed in present system:-

- (i) More number of tenders & contracts, requiring a lot of paper work.
- (ii) More time taken in finalisation of tenders
- (iii) More time taken in execution
- (iv) Cost over-run
- (v) More disputes, arbitration cases etc. by contractors.

2. It is mainly due to ineffective planning before invitation of tenders including finalization and monitoring of contracts. In fact “contract matter is **not science but art.**” Therefore effective planning, before invitation of tenders and during finalization and monitoring of contracts is very essential.

3. For effective planning before invitation of tender –

3.1 Tenders are to be called only for works planned/targeted during a financial year, -

- (i) when all the planning works as per Para 5 of PCE’s Circular No.1 are done for sanctioned works of PWP & LAW.
- (ii) when the list of Priority ‘A’ special revenue works (track, bridge, building etc) and list of tenders with estimated cost (within the budget available) is approved by HQ (PCE & FA&CAO).
- (iii) when adequate funds (Outlay) are available (originally or by re-appropriation) for that work -
 - (a) **Minimum 50% for sanctioned and targeted works of PWP**
 - (b) **Minimum 70% for sanctioned and targeted works of LAW**
 - (c) Upto 110% value of budget grant for revenue

3.2 More tenders for Special Revenue Works may be called by eliminating/minimizing the Zonal tenders.

3.3 Only one tender for Special building works under each ADEN/Estate and one for Track Works under each ADEN/Line may be invited.

ADEN/Line

3.4 Clubbing of Tenders: Clubbing of tenders is to be done to the maximum extent possible as per following -

- (i) 2 or more tenders within the jurisdiction of DEN/Sr. DEN of similar description of works.
- (ii) All works at a particular station, colony or any other important establishments.
- (iii) Tenders for value less than Rs. 1 Crores are to be called only as an exception and with sufficient justification and getting approval of HQ.

3.5 Other important points for consideration :-

- (i) Time of completion to be realistic. Extension of time should be given only as an exception with proper justification, in writing.
- (ii) Tender schedules & items of works for each type of work to be examined personally by DEN/Sr.DEN concerned and got approved by concerned HODs in HQ for uniformity & improvement for each type of work, to the extent possible.
- (iii) The quantities of different items of tender schedule to be test checked personally by DEN/Sr.DEN concerned so as to avoid unreasonable variations during execution.
- (iv) All special conditions including similar nature of works and eligibility criteria for each of work to be reviewed thoroughly by concerned DEN/Sr.DEN & Sr.DEN/Co in division so that these are very clear, brief and understandable by contractor and railway officials. This should be got approved by concerned HODs in HQ for improvement & uniformity in all divisions to the extent possible.
- (v) The following are to be included in the Special Conditions of tender after finance vetting in the division for (a) & (b) below :-
 - (a) Provision of Award to contractor & Railway officials, if work is done in time, without extension.
 - (b) Provision of token Penalty to Railway officials and contractor, if work is delayed beyond 2 months.
 - (c) Provision of qualified Engineer & trained staff by contractor.
- (vi) Pre-bid conference to be done with contractors, so as to include valued suggestions, if any

4. If the above planning is done effectively before invitation of tenders, most of the contracts can be finalized very fast & within less than 3 months and negotiations and cancellations of tenders can be avoided/reduced.

5. If the above planning is done before invitation of tenders & contracts are finalised early, there will be following advantages-

- (i) Less time in execution, as monitoring of lesser number of contracts is to be done
- (ii) Very less arbitration cases by contractors

- (iii) Less cases of variation in quantities
- (iv) Less requirement of NS items etc.
- (v) Timely payment to contractors
- (vi) Lesser number of work sites - better supervision with existing staff
- (vii) Lesser time in preparation of Final bills and closure of contracts

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No. W4/374/CE's Circulars/Pt.I/1978

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1. Secy to GM for kind information of GM please.
2. COM, CCM, CSTE, CEE, CME, CPO, FA&CAO for information please.
3. DRM/KUR, SBP & WAT
4. All HODs of Engg. Department for necessary action please.
5. Sr.DEN/Co-ord/KUR, SBP & WAT. They should circulate copies and advise to concerned Branch officers for implementation.