GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 9/01/CT/37

New Delhi, dated 5.5.95

Addressed to:

As per: Mailing List 'A' attached.

Reg: Enhancement of original Tender Value.

Investigations by Vigilance have revealed that after finalisation 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 as 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 such 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 Dte. of the Ministry of Railways.

Receipt of this letter may please be acknowledged.

(ved Prakash)
Exe.C Dir, Civil Engg. (C)
Railway Board.
Introduction of any new scheduled/non-schedule 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 tenders accepting authority which accepted the original tender otherwise the case should be put up to the next higher authority in case of contracts awarded by General Manager and Railway Board, E(C) can approve variations upto 25% of accepted tender value 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 work as provided for in the Tender Documents and the revised quantities/value as provided for in the contract agreement/corrigenda/addenda. The reason for variation should be indicated in details 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 variations do not vitiate acceptance of the tender. For this purpose, it will also be necessary for the Executive units, to prepare a statement showing the comparative cost of the work with reference to the three lowest valid tenderers, taking into account the increased 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 cases, 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-B.

(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.
(a) Inviting fresh tenders for the extra quantity;
(b) 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 proposal will have to be got vetted by finance in both the cases of 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 G.M. or Lower authority

G.M. provided the enhanced value of the contract lies within his competency.

(ii) In other cases i.e. if original contract was approved by Rly. Board or enhanced value of the contract is not within G.M.'s competency.

(b) In case the work is proposed to be awarded to an agency after negotiating all original tender alongwith 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 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' from the contractor and with Finance concurrence giving detailed reasons for such decrease in the quantities.

(ii) 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.

(v) In case of variation of the tender sanction of the competent authority as per initial tender should be obtained.