To,
As per list attached.

Sub : Working out estimated cost (NIT Value) for calling of tender.
Ref : Railway Board’s letter no. 94/CE-I/CT/4, dated 17.9.97

During a Vigilance investigation on a Zonal Railway, relating to calling / award of Zonal Contract for the financial year 2009-10, it was noticed that for inviting tender, the estimated value of work (NIT Value) was worked out based on SOR rates, which were of year 2002. The Railway informed that estimated value of work was being worked out based on original SOR rates, as a practice, without updating them for time escalation or taking into account the Last Accepted Rates as above/below SOR rates.

The matter has been examined in Board and it is reiterated that in case of all tenders, including Zonal Tenders, instructions issued vide Para 9 (reproduced below) of Board’s letter under reference, should be strictly followed:

‘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 & order, availability of labour & 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’.

Please acknowledge receipt.