

ANNEXURE-II/4-38
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

NO. 90/CE-I/CT/1

NEW DELHI Dated 12th December 1990

The circumstances under which negotiations may be held with tenderers, have been explained in detail in Board's letter No. 67/WI/CT/32 dated 25th May 1968 reiterated under Board's letter of even No. dated 11th April 1990). As would be observed therefrom, negotiations are to be held as an exception and not as a rule and only if.

- (i) the rates quoted in all the offers received from the tenderers are unreasonably high & re-tendering would not secure better advantage to the Railway, and/or
- (ii) after excluding all the lower offers that are unacceptable because of technical reasons or on account of unsatisfactory credentials of the tenderers, the rates quoted in all other remaining offers are considered to be unreasonably high as per established procedure.

2. Despite the clear-cut instructions on the subject, a large number of instances keep on coming to the notice of the Board indicating that:—

- (i) Negotiations are being held as a rule rather than as an exception.
- (ii) Negotiations are being held un-necessarily even when the rates received ' are considered reasonable.
- (iii) Negotiations are held repeatedly in the same case,
- (iv) Negotiations are held, to start with, on the plea of rates being un-reasonably high. After holding negotiations (sometimes repeatedly), the rates are certified as reasonable, even though the reduction obtained is insignificant. In several such cases the ranking of the tenderers got, altered, leading to complaints and doubts as regards the very purpose of negotiations.

It would be appreciated that holding of negotiations under the foregoing circumstances, is not a healthy procedure. It can often lead to delay, undue favoritism /discrimination and complaints.

3. The Board wish to reiterate that holding of negotiations should be an exception and not a rule. Normally, there should be no question of holding negotiations, if the rates secured are reasonable.

4. Appropriate action may be taken to avoid unnecessary rounds of negotiations. Instructions contained in this letter are applicable to both Works & Stores tenders and are being issued in consultations with the Finance Directorate of the Ministry of Railways.

5. Receipt of this letter may be acknowledged.

Sd/-
(S. N. SINGLA)
 Exec. Director, Civil Engg. (G)
 Railway Board.