

ANNEXURE-II/4-11

Copy of Railway Board's letter No. 67-B(C)-PAC/III/72/16-17 dated 29th/31st July 1967 circularised under Headquarters Office, Stores Branch letter No. S. 229/P/ Vol. 12 dated 11th September 1967.

Sub : Recommendations No. 16 and 17 of 72th Report of the Public Accounts Committee Need for finalisation of tenders within the validity period

Commenting on para 14 of Audit Report (Railways) 1966, in their 72nd Report, the Public Accounts Committee have, *inter alia*, observed (i) that it should be ensured that tenders are processed expeditiously and within the prescribed time limit to avoid the possibility of loss due to expiry of the validity period of the tender, and (ii) that clarifications should not be sought piecemeal from tenderers.

2. The Board desire that the above observations of the Committee should be carefully noted and would draw the Railways attention to the letters (1) 66/777/RS (G) dated 13th February 1960; (2) 6100B(C)-E/43 dated 19th March 1962; (3) 65PAC/III/32 (29-30) dated 14th May 1965 and (4) 65-B(C)/PAC/III/32 (29-30) dated June 1965 issued from time to time which the need for avoiding delay in the finalisation of tenders had been stressed. The Board particularly desire that as recommended by the Public Accounts Committee, even in cases where the period of validity quoted is less than the period notified by the Railway in the tender documents every effort should be made to persuade the tenderer to extend the validity period suitably and also decide on the offers within the limited validity period itself. Further, the scrutiny of the terms and conditions offered by the tenderers should be done in all details at the initial stage itself so that all information necessary for the consideration of offers is called for at one time and leaving no occasion for seeking further extensions in regard to offers at a latter stage on this account.

ANNEXURE-II/4-12

Copy of Board's letter No. 67/WI/CT/32 dated 25th May 1968 from Joint Director (Civil Engineering), Railway Board, New Delhi. Addressed to General Managers, all Indian Railways, etc.

Sub : Award of contract-Procedure for conducting negotiations

The Board have had under consideration for some time past the question of laying down broad guidelines of the procedure to be followed for conducting negotiations as the procedure in this regard does not appear to be uniform on all the Railways. While some Railways call for fresh bids (as a Preliminary step to the conduct of negotiations) from all the eligible tenderers out of those who had quoted originally, it is observed that on some other Railways negotiations are restricted to two or three of the lowest eligible tenderers without calling for any fresh bids (i. e., on the basis of their relative position against the original tender) as required in Board's letter No. 56-B(C) 2983 dated 10th August 1961 and final bids are obtained from them only at the end of the negotiations.

2. The Board have carefully considered the matter and decided in supersession of all previous orders that negotiations with the tenderers should be conducted on the basis of the guidelines given below-

3. It should be clearly understood that selection of contractors by negotiation is an exception rather than the rule, and may be resorted to-

- (a) Where all the tenders are considered to be unreasonably high in value and it is felt that retendering would not secure better advantage to the railway, and/ or
- (b) Where the lowest tender is technically unacceptable or is rejected because of unsatisfactory credentials, capacity or unworkable rates, and the next higher offers to be considered in acceptance with the established procedure are found to be unreasonably high.
- (c) Where in the case of proprietary items of Stores, the price quoted is considered to be unreasonably high.

4. The decision whether to invite fresh tenders or to negotiate, and in the latter event, with whom to negotiate, should be taken by the competent authority after obtaining the Tender Committee's recommendations. The Board would, however, like it to be ensured that except where a single quotation has been received in response to a call of tender, the number of tenderers to be called for negotiation is not less than two. In no case, including where a ring is suspected, should negotiations be extended to the tenderers who had either not tendered originally or whose tender was rejected because of unsatisfactory credentials, capacity or unworkable rates or (in the case of other than stores tenders only) whose tender was not accompanied by earnest money.

5. After the competent authority has decided to call specific tenderers for negotiations, the latter should be addressed as laid down in Board's letter No. 61/W2/CT/24 dated 31st October 1965 so that the rates originally quoted by them shall remain open for acceptance in the event of failure of the contemplated negotiations. Revised bids should be obtained in writing from the selected tenderers at the end of negotiations, and read out to such of the representatives of the tenderers as may choose to be present. In case, however, any of the selected tenderers prefer to send a revised bid instead of being present at the negotiations, the offer should be taken into account.

6. The foregoing instructions may not be applied rigidly to tenders for specialised works and equipments. As the tenderers may quote according to their own specifications and designs for various reasons such as advancement in technology etc., and it may become necessary to discuss technical and other details with the them to select the most suitable offer. Such cases would necessarily be very few and far between and the procedure of conducting negotiation should be decided on the merits of each case in consultation with your Financial Adviser and Chief Accounts Officer.

7. Board desire that these instructions should be followed in respect of all contract works, stores, commercial etc.

(This disposes of Western Railway's letter No. W/623/5/Vol. III dated 10 th July 1967)

This letter may please be substituted for the Board's letter of even number dated 28th March 1968.