



GOVERNMENT OF KERALA

Abstract

Dispensing with the Tender Committee System at Government Level and Delegating Full Powers to Departmental Officers for Sanctioning of Tender Excess/Below Estimate Rate-Orders Issued

FINANCE (INDUSTRIES & PUBLIC WORKS - B) DEPARTMENT

G.O.(P) No. 16/2017/Fin. Dated, Thiruvananthapuram, 06/02/2017

- Read:-
1. G.O.(P) No. 02/2010/Fin, dated 04.01.2010
 2. G.O.(P) No. 379/2011/Fin, dated 02.09.2011
 3. G.O.(P) No. 396/2012/Fin, dated 11.07.2012
 4. G.O.(P) No. 36/2013/PWD, dated 17.04.2013
 5. G.O.(P) No. 214/2013/Fin, dated 09.05.2013
 6. G.O.(P) No. 375/2015/Fin, dated 24.08.2015
 7. G.O.(P) No. 06/2016/Fin, dated 16.01.2016

ORDER

In the reference 1st cited, it was ordered that all works having Technical Sanction amount above Rs. 300 lakhs and tender excess exceeding certain limits shall be placed before a Government Tender Committee headed by the Principal Secretary of Administrative Department. As per the reference 2nd, this committee was authorised to sanction tender excess up to 10% over the revised Schedule of Rates (SoR) in the case of works having Technical Sanction exceeds Rs. 300 lakhs but upto Rs. 750 lakhs. As per reference 3rd cited, a new committee was constituted with the Chief Secretary as Chairman and Principal Secretaries of Public Works, Water Resources, Finance and the Administrative Department as members to scrutinize proposals involving tender excess exceeding the above monetary limit.

2. As per the reference 4th cited Government issued orders to adopt CPWD data, SoR and NBC guidelines for all public works of State Government Departments. It was also ordered to adopt e-tendering in all Government Departments with effect from April 2013. The delegation of powers to sanction tender excess of the departmental Tender Committee was subsequently enhanced to Rs. 10 crores, vide Government Order referred fifth cited. The NIC has developed a standard estimate preparation software called Project Information and Cost Estimation (PRICE) and this has been made mandatory for all Government Departments to bring in uniformity in estimate preparation as per reference 6th cited. Further, Chief Engineers were given full powers to issue Technical Sanction vide reference 7th cited.

3. The meeting of the Committee of Secretaries headed by the Chief Secretary met on 27 September 2016 and reviewed the functioning of the Tender Committee system at Government level. The committee found that the approvals at Government level is causing delay in the execution of the tendered works. The Committee also felt that because of the IT supported changes brought out in standardized estimate preparation and e-tendering, delegating full power to sanction tender excess to departmental officers will be helpful for speedy execution of public works. Since estimates are prepared using PRICE Software and e-tendering is made mandatory, price discovery will take place if there is good competition. It was also observed that departmental officers have better assessment about field situations and no value addition takes place in approving tender excess at Government level. The Committee therefore recommended that Administrative Sanction alone need be regulated at the level of Government and all the subsequent sanctions can be given to departmental officers based on certain specific guidelines.

4. Government have examined the recommendation of the Committee in detail and are pleased to issue the following orders.

- i. The existing Tender Committee system at Government level to sanction tender excess or to sanction tenders below estimate rates is dispensed with.
- ii. Hereafter, the Standing Committee headed by the Chief Secretary and Principal Secretaries of Finance, Public Works Department and Water Resources Department, Chief Technical Examiner and Director General, Department of Economics and Statistics as members, will advise Government on the norms to be followed while approving the tender excess by departmental officers. The Committee shall monitor the average rates at which tenders are awarded and suggest the permissible rates of major components like steel, cement etc. based on market fluctuations. The Committee shall also suggest the changes in rate above which tender can be accepted after analysing the market situations. The general improvements required in the estimate preparation, tendering process etc. shall also be looked into by the Committee
- iii. The Chief Engineer/Head of Department shall constitute a Committee for each department to sanction tender excess in respect of works exceeding the delegated powers of departmental officers. The composition of the committee will be as follows.

Chief Engineer/Head of Department	-Chairperson
Deputy Chief Engineer/Technical Officer	-Member
Head, Finance Division	-Member
Tender inviting authority	-Invitee

In the case of deposit works, one representative from the Administrative Department shall also be co-opted as a Member of the Tender Committee. The notes for the tender Committee shall be prepared in the same pro-forma prescribed for the

erstwhile Government Tender Committee and the remarks column shall contain the remarks of the Technical and Finance Members of the Committee. The Technical /Finance Officer shall carefully examine the tender proposal based on the prevailing order and make specific recommendation on the admissibility of the claim.

- iv. The Maximum admissible tender excess shall be limited either to the quoted rate of the lowest bidder or local market rates or current DSR plus 10% tolerance limit whichever is less. In case, the quoted rate of the lowest bidder is above Current DSR plus 10% tolerance limit, the tender inviting authority themselves shall re-tender the work without referring the case to higher authorities.
- v. If the quoted rate is still above allowable limit even after re-tendering the competent authority shall rework the estimate, after giving due consideration to the site specific conditions and fresh tenders shall be invited based on revised estimates.
- vi. The NIC shall modify the PRICE Software in such a way that a built in control mechanism shall be embedded in the software to sanction tender excess by departmental officers based on approved guidelines, including the condition to allow maximum tender excess at the quoted rate/LMR or DSR+10% whichever is less.
- vii. The local marker rates (LMR) shall be prepared by the Department of Economics and Statistics (DES) based on the rates prevailing at each district and data prepared by existing district level committee headed by the Executive Engineer (Buildings), PWD. The Department of Economics and Statistics (DES) shall upload the approved data directly into PRICE

Software. This shall be made public through the departmental website also.

viii. The NIC shall also develop a web based Dash Board in PRICE Software to capture all Administrative sanctions and Technical Sanctions vis-a-vis with budget provision issued by departmental officers and the Government. The access to this information shall be provided to the Secretaries concerned and the Finance Secretary. Each sanctions/approvals generated through the system. i.e. Administrative Sanction , Technical Sanction, Award of work, Payment Order, etc. shall be linked through a unique sanction order generated in PRICE Software to capture the required MIS reports.


5. The new system will take effect from 1st April 2017.

**By Order of the Governor,
K.M. ABRAHAM
Additional Chief Secretary (Finance).**

To

The Accountant General (A&E) Kerala, Thiruvananthapuram
The Accountant General (G&SSA) Kerala, Thiruvananthapuram
The Accountant General (E&RSA) Kerala, Thiruvananthapuram
All Heads of Departments and Offices
Private Secretary to Chief Minister
All Private Secretaries to Ministers
Private Secretary to the Leader of Opposition
All Secretaries to Government
General Administration (SC) Department, (vide item No. 557 dated 20.12.2016)
All Secretariat Departments
The Secretary, Kerala Public Service Commission,
Thiruvananthapuram
The Registrar, University of Kerala/ Cochin/ Kozhikode/ Kottayam
The Secretary to Governor
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Section Officer