

Government of India
Ministry of Road Transport & Highways
(PIC Zone)

Transport Bhavan,
No. 1, Parliament Street,
New Delhi-110 001

No. RW/NH-24035/4/2008-P&M/PIC

Dated the 27th November, 2009

To

The Secretaries and Engineers-in-Chief/Chief Engineers (National Highways), State Public Works Departments, Union Territories (dealing with National Highways and other Centrally Financed Schemes); Director General (Works), Central Public Works Department; Director General Border Roads; The Chairman, National Highways Authority of India; Regional Officers/ Engineer Liaison Officers of MoRTH

Sub: Guidelines regarding procedures to be adopted for invitation of tenders and qualification of Contractors for execution of Road and Bridge works on National Highways and Centrally Financed Schemes – Modifications in the procedures.

Sir,

With developmental activities on National Highways having increased manifolds in recent years, the need for building capacity in the construction industry has come in sharp focus, particularly in the small and medium segment. One of the handicaps in the area is complete bar on participation of Joint Ventures for projects costing upto Rs. 100 crore as per the existing bidding procedure. It has been decided after careful consideration to permit joint ventures to participate in bids for projects costing more than Rs. 25 crore in all States other than North Eastern Region and J&K, where this threshold shall be Rs. 15 crore, subject to conditions contained in this circular.

2. It has also been experienced that many contracts face problems due to poor cash flow of the contractors. Even though the prevailing bidding procedures insist upon the contractors demonstrating the evidence of access to 10% of the project cost, the poor cash flow of contractors continues to affect the progress of the projects. It has, therefore, been decided that notwithstanding the existing provision, a financial partner in the Joint Venture (JV), who need not have any technical qualification but should pitch in with financial support to the JV, may be permitted. Member(s) of the JV, other than the financial member, should collectively meet all the experience requirements.

3. It has also been observed that pre-qualification process as per existing guidelines consumes considerable time. It has, therefore, been decided that two stage bidding process (prequalification in the first stage) shall be adopted only for projects costing Rs. 100 crore and above. Accordingly, single stage bidding process under two cover system (technical bid and financial bid) shall henceforth be followed for all projects costing between Rs. 5 crore and Rs. 100 crore. It may, however, be ensured that before the date fixed for opening of the financial bids, those bidders, who do not meet the qualification criteria and therefore are not eligible for consideration of their financial offer, are intimated about their non-eligibility and requested for collection of their sealed financial bid envelope.

4. In view of the above, the following existing circulars of the Ministry as well as the Standard Bidding Document circulated vide circular No. RW/NH-24020/2/99-PIC dated the 4th September, 2000 shall stand amended as follows: -

(i) **Prequalification of contractors** (circular no. RW/NH-37011/9/98-DO.I dated the 10th June, 1998)

Para 2.6 and 2.7 of the document (Invitation for Prequalification) enclosed with above circular shall be substituted by new para 2.6 and 2.7 as per Annex I.

(ii) Standard Bidding Document

- (a) Clause 4.4 shall stand deleted.
- (b) Clause 4.5 to 4.8 shall stand amended as per qualification criteria stated above and given in Annex I.

(iii) Procedure for invitation and evaluation of bids (circular no. RW/NH-11024/1/94-DO I dated the 15th June, 1994 and circular no. RW/NH-24020/2/99-PIC dated the 21st December, 2000)

The provisions of these circulars shall stand amended to the extent that single stage bidding process under two covers shall be followed for all projects costing between Rs. 5 crore and Rs.100 crore and two stage bidding process (prequalification in the first stage) shall be adopted only for projects costing Rs. 100 crore and above as stated in para 3 above. Further, the composition of the committees for evaluation of technical and financial bids shall be as under:

(A) Projects costing more than Rs. 5 crore and upto Rs. 50 crore:

- (i) Engineer-in-Chief of the concerned State PWD / equivalent - Chairman
- (ii) Chief Engineer (National Highways) in the State concerned - Member
- (iii) Regional Officer, M/o Road Transport & Highways dealing with the State concerned - Member
- (iv) Superintending Engineer (concerned NH Circle), State PWD - Member Secretary

(B) Projects costing more than Rs.50 crore:

- (i) Chief Engineer, M/o Road Transport & Highways dealing with the State concerned - Chairman
- (ii) Chief Engineer (National Highways) in the State concerned - Member
- (iii) Regional Officer, M/o Road Transport & Highways dealing with the State concerned - Member
- (iv) Representative of Finance Division of M/o Road Transport & Highways - Member
- (v) Superintending Engineer, M/o Road Transport & Highways dealing with the State concerned - Member Secretary

5. For the purpose of application of above instructions, the cost of the project shall be taken as the value of the work put to tender. It may, however, be remembered that splitting of a sanctioned work is not permitted as per extant instructions.

6. The above instructions may be brought to the notice of all concerned for immediate compliance for works on National Highways and Centrally Financed Schemes of this Ministry.

Encl: As Above

Yours faithfully,



(A. K. Shrivastava)

Superintending Engineer (PIC)

For Director General (Road Development) & Special Secretary

Annex I

2.6 QUALIFICATION CRITERIA

2.6.1. Qualification will be based on Applicant's meeting all the following minimum pass/fail criteria regarding the Applicant's general and particular experience, personnel and equipment capabilities, and financial position, as demonstrated by the Applicant's responses in the forms attached to the Letter of Application (specified requirements for joint ventures are given under para 2.7 below). Subcontractors' experience and resources shall not be taken into account in determining the Applicant's compliance with the qualifying criteria.

To qualify for more than one contract, the applicant must demonstrate having experience and resources sufficient to meet the aggregate of the qualification criteria for each contract given in paragraphs 2.6.4, 2.6.5, 2.6.6 and 2.6.9 below.

2.6.2. Base Year and Escalation

The base year shall be taken as (particular year to be mentioned)

Following enhancement factors will be used for the costs of works executed and the financial figures to a common base value for works completed in India.

<u>Year before</u>	<u>multiplying factor</u>
One	1.10
Two	1.21
Three	1.33
Four	1.46
Five	1.61

Applicant should indicate actual figures of costs and amount for the works executed by them without accounting for the above mentioned factors.

In case the financial figures and value of completed works are in foreign currency, the above enhanced multiplying factors will not be applied. Instead, current market exchange rate (State Bank of India BC Selling rate as on the last date of submission of the bid) will be applied for the purpose of conversion of amount in foreign currency into Indian rupees.

2.6.3. General Experience

The Applicant shall meet the following minimum criteria:

- (a) Average annual turnover (defined as billing for works in progress and completed in all classes of civil engineering construction works only) over the last five years of 40 per cent of the value of contract/contracts applied for.
- (b) Experience in successfully completing or substantially completing at least one contract of highway (road and/or bridge works)/airport runway of at least 40 per cent of the value of proposed contract within the last five years.

The works may have been executed by the Applicant as prime contractor or as a member of joint venture or sub contractor. As sub contractor, he should have acquired the experience of execution of all major items of works under the proposed contract. In case a project has been executed by a joint venture, weightage towards experience of the project would be given to each joint venture in proportion to their participation in the joint venture.

Substantially completed works means those works which are at least 90% completed as on the date of submission (i.e. gross value of work done up to the last date of submission is 90% or more of the original contract price) and continuing satisfactorily.

For these, a Certificate from the employer shall be submitted along with the application incorporating clearly the name of the work, Contract value, billing amount, date of commencement of works, satisfactory performance of the Contractor and any other relevant information.

2.6.4. Personnel Capabilities

The Applicant must have suitably qualified personnel to fill the following positions. The applicant will supply information on a prime candidate and an alternate for each position, both of whom should meet the experience requirements specified below:

S. No.	Position	Total experience (years)	In similar works (Years)	As manager of similar works (Years)
(1)	Project Manager			
(2)	Other positions			
(Suggested lists is given in Annexure-I)				

2.6.5. Equipment Capabilities

The Applicant should own or should have assured ownership to the following key items of equipment, in full working order, and must demonstrate that, based on known commitments; they will be available for use in the proposed contract.

S. No.	Equipment type and characteristics	Minimum number required.
(1)		
(2)		
(3)		
(Suggested list given in Annexure-II)		

2.6.6. Financial Position

The Applicant should demonstrate that he has access to, or has available, liquid assets (aggregate of working capital, cash in hand and uncommitted bank guarantees) and/or credit facilities of not less than 10 per cent of the value of the contract/contracts applied for (construction cash-flow may be taken as 10 per cent of the estimated value of contract/contracts).

2.6.7. The audited balance sheets for the last five years should be submitted, which must demonstrate the soundness of the Applicant's financial position, showing long-term profitability including an estimated financial projection for the next two years. If necessary, the Employer will make inquiries with the applicant's bankers.

2.6.8. Litigation History

The Applicant should provide accurate information on any litigation or arbitration resulting from contracts completed or under execution by him over the last five years. A consistent history of awards against the Applicant or any partner of a joint venture may result in failure of the applicant.

2.6.9. Bid Capacity

Applicants who meet the minimum qualification criteria will be qualified only if their available bid capacity at the expected time of bidding is more than the total estimated cost of the works. The available bid capacity will be calculated as under:

Assessed Available Bid Capacity = $(A \times N \times 2 - B)$, where

A = Maximum value of works executed in any one year during the last five years (updated to the current price level) rate of inflation may be taken as 10 per cent per year which will take into account the completed as well as works in progress;

B = Value at current price level of the existing commitments and ongoing works to be completed during the next _____ years (period of completion of works for which bids are invited); and

N = Number of years prescribed for completion of the works for which the bids are invited.

Note: In case of a Joint Venture, the available bid capacity will be applied for each partner to the extent of his proposed participation in the execution of the works.

2.6.10. Disqualification

Even though the Applicants meet the above criteria, they are subject to be disqualified if they have:

- made misleading or false representation in the form, statements submitted; and/or
- Records of poor performance such as abandoning the work, rescinding of contract for which the reasons are attributable to the non-performance of the contractor; consistent history of litigation awarded against the Applicant or financial failure due to bankruptcy. The rescinding of contract of a joint venture on account of reasons other than non-performance, such as Most Experienced partner of joint venture pulling out, court directions leading to breaking up of a joint venture before the start of work, which are not attributable to the poor performance of the contractor will, however, not affect the qualification of the individual partners.

2.7. JOINT VENTURE

2.7.1. Joint ventures must comply with the following requirements:

(a) Following are the minimum qualification requirements;

- (i) The lead partner shall meet not less than 50 per cent of all the qualifying criteria given in para 2.6.3 & 2.6.6 above. The joint venture must collectively satisfy the criteria of para 2.6.3 & 2.6.6 above. The experience of the other joint venture partners shall be considered if it is not less than 30 per cent of the qualifying criteria given in para 2.6.3 & 2.6.6 above. However, in case one of the joint venture partners is proposed to be included primarily to provide financial strength to the joint venture, such joint venture partner shall have to commit to provide liquidity support to the project to the extent of 10 per cent of the value of the contract.
- (ii) The joint venture must satisfy collectively the criteria of para 2.6.4 and 2.6.5 above for which purpose the relevant figures for each of the partners shall be added together to arrive at the joint venture's total capacity. Individual members must each satisfy the requirements of para 2.6.7 & 2.6.8 above.

(b) The formation of a joint venture after prequalification, any change in a pre-qualified joint venture, will be subject to the written approval of the Employer prior to the deadline for submission of bids. Such approval shall be denied if (i) partners withdraw from a joint venture and the remaining partners do not meet the qualifying requirements; (ii) the new partners to a joint venture are not qualified individually or as another joint venture; or (iii) in the opinion of the Employer, a substantial reduction in competition may result.

(c) Bid shall be signed so as to legally bind all partners, jointly and severally, and shall be submitted with a copy of the joint venture agreement providing the 'joint and several' liability with respect to the contract.

2.7.2. Qualification of a joint venture does not necessarily qualify any of its partners individually or as a partner in any other joint venture. In case of dissolution of a joint venture, each one of the constituent firms may qualify if they meet all the qualification requirements, subject to the written approval of the Employer.

Minimum key personnel for the project

Sl. No.	Personnel	Qualification	LOT size			
			Upto Rs. 50 Million	Rs. 51-200 Million	Rs. 201-500 Million	Rs. 501-1000 Million & above
1.	Project Manager	B.E. Civil + 10 Years Exp.	1	1 No.	1 No.	1 No.
2.	Site Engineer	B.E. Civil + 3 Years Exp.	1	2 No.	4 Nos.	6 Nos.
3.	Plant Engineer	B.E. Mech. + 3 Years Exp. Or Dip. Mech. + 7 Years Exp.	1	1 No.	1 No.	2 Nos.
4.	Quantity Surveyor	B.E. Civil + 7 Years Exp. Or Dip. Civil + 7 Years Exp.	1	1 No.	1 No.	2 Nos.
5.	Soil & Material Engineer	B.E. Civil + 7 Years Exp. Or Dip. Civil + 7 Years Exp.	1	1 No.	1 No.	1 No.
	Total		5 Nos.	6 Nos.	8 Nos.	12 Nos.

Annexure-II

List of Plant & Equipment to be Deployed on Contract Work

Sl. No.	Type of Equipment	Maximum Age as on	Upto Rs. 50 million	Rs. 51-200 Million	Rs. 201-500 Million	Rs. 501-1000 Million & above
1.	Tipper Trucks	5-7	6	10	15	20
2.	Motor Grader	5	2	2	3	4
3.	Dozer	5	1	1	1	2
4.	Front end Loader	5	2	2	2	4
5.	Smooth Wheeled Roller	5	2	2	3	4
6.	Vibratory Roller	5	2	2	2	3
7.	Hot Mix Plant with Electronic Controls (Minimum 8200 TPH Capacity)	5	1	1	1	2
8.	Paver Finisher with Electronic Sensor	5	1	1	1	2
9.	Water Tanker	5	3	3	4	5
10.	Bitumen Sprayer	5-7	1	1	1	2
11.	Tandem Roller	5	1	1	1	1
12.	Concrete Mixers with Integral Weigh Batching facility	5	2	2	1	2
13.	Concrete Batching and Mixing Plant (Minimum Capacity - 15 m ³ /hour)	5	-	-	1	1
14.	Concrete paver capable of paving 7.5m width in one single pass including all accessories. Such as automatic dowel bar inserter, integral vibratory system and electronic sensors ancillary equipment for applying curing compound, joint cutting etc.	5	-	-	-	1
15.	Concrete Batching and Mixing plant with automatic control (minimum 100 cum/hour)	5	-	-	-	1
	Total		24	28	36	54