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No. PL-30 (62)/76

Dated the 26th June, 1976

To

All State Govts. and Union Territories except
Arunachal Pradesh, Mizoram, Dadra Nagar Haveli
(Departments dealing with National Highways).

Subject : Tenders for Road and Bridge works on NHs.

I am directed to invite a reference to this Ministry's letter No. PL-30(110)/74 dated 25.9.74 wherein the Accountant General or the Comptroller concerned was empowered to pass, without the requirement of the State Govt. obtaining Central Govt's approval to a revised estimate for a National Highway work, excess subject to certain conditions, upto 15% of sanctioned estimate or Rs 1.00 crore whichever is less. Earlier, in their letter No. NH III-33 (108)/72 dated 28.3.73, this Ministry had laid down detailed procedure for handling tenders. According to that procedure where the cost of a work based on acceptable tenders exceeds or was likely to exceed its original sanctioned estimate beyond the permissible limit of excess, prior approval of the Govt. of India was to be obtained before acceptance of such tenders. The State Govts. have, however, been pointing out that considerable time elapses between the sanction of an estimate and the actual commencement of the work and, as a result, by the time a work actually goes on the ground, the tender cost is generally quite in excess of the sanctioned estimate even beyond the aforesaid permissible limit and tenders are, therefore, required to be submitted to the Govt. of India for their approval. In order to expedite the disposal of tenders, suggestions have been made to this Ministry by the State CEs from time to time for making a provision for escalation of cost in the estimate. This matter also came up for discussions at the last meeting of the CEs held at Hyderabad on 6.1.76 when some of the State CEs pointed out that in their States, for state road works, tenders were being examined and settled with reference to the current schedule of rates instead of sanctioned estimate and they suggested that if such a procedure were followed for National Highways also, references about tenders in many cases to the Roads Wing might not be necessary and those could be settled at the State level itself.

2. This matter has been examined, further and in the circumstances explained above, it has been decided that, hereafter the State Govt. may, themselves, accept tenders, if the excess over sanctioned estimate does not go beyond the value determined on the basis of current schedule of rates by 15% subject to the following conditions and also duly complying with the technical requirements specified in paras I(ii) (last sentence), I(iii) 2 & 3 of this Ministry's letter No. NHIII-33(108)/72 dated 28.3.73 (copy enclosed for ready reference).
 - (i) These powers are to be exercised by the State Govt. themselves, who if they so desired, may also delegate these powers to officers not below the rank of the Chief Engineer under intimation to this Ministry.
 - (ii) Tenders are called properly after due wide publicity providing for a healthy competition among the contractors and rates are considered duly competitive, reasonable and justified and:
 - (iii) After the tenders have been accepted by the State Govt., the revised estimates should be sent to the Govt. of India for their sanction within one month of the acceptance of the tenders, this time limit being extended upto 2 months in unavoidable cases, but in any case not beyond that. A copy of the approved current schedule of rates should accompany the revised estimates, invariably.

In this connection, it has to be realised that the State Accountant General will be able to admit expenditure beyond the permissible limit of excess over the sanctioned estimate as so far earlier prescribed only after the sanction for the revised estimate for the job is accorded by this Ministry and also conveyed to the State Accountant General.

Therefore, in the interest of smooth permit of execution of the works, forwarding of Revised Estimate and getting it sanctioned by the Ministry is of paramount importance and is strongly emphasised.

3. I am to add that simultaneously, with the exercising of the power referred to in the preceding para, the State will kindly in each case, send an intimation to this Ministry, with copy to the Regional Officer concerned of this Ministry duly stating particulars of tenders accepted and certifying that the conditions stipulated at (i) and (ii) above had been satisfied. Further the State will kindly also devote attention to see that the contracting industry in the State is in a healthy condition and if this is not so, steps would be taken by the State Govt. to strengthen the contracting industry and also, as an alternative measure to set up Departmental Construction Units/Corporations, as necessary.

4. I am further to add that if the tender rates in any case exceed the current schedule of rates beyond the permissible limit of 15% the tenders should be submitted to Govt. of India for their prior approval.
 5. I am to request that this may be brought to the notice of all concerned for necessary action, with the clear instructions that all concerned should ensure that the revised estimate are submitted within one month of the acceptance of tenders, this time limit being extended in totally unavoidable cases, upto two months, but in no case, beyond that.
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