

PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Sub : Procurement of works - use of Standard
Tender Document - Revision - Reg.

Read : (1) G.O.No.FD 9 PCL 2004 dtd:6-8-2005
(2) G.O.No.FD 6 PCL 2006 dated:21-03-2007
(3) G.O.No.FD 04 PCL 2006 dated:12-07-2007
(4) G.O.No.FD 04 PCL 2007 dated:2-4-2008
(5) Proceedings of the Procurement Reforms Standing
Committee meeting held on 2-8-2008.

PREAMBLE:

In Government Order dated:6-8-2005, Standard Tender Documents given in Annexure 1 to 6 appended there with were prescribed to be used in certain identified divisions of PWD and WRD and the corporations under WRD for procurement of works from 1st September 2005 for a period of six months initially on an experimental basis, so that any problems encountered in use of these Standard Tender Documents can be suitably addressed before making the Standard Tender Documents mandatory for procurement of works.

By the G.O.No.FD 06 PCL 2006, dated:21-03-2007 use of Standard Tender Documents was made mandatory for all procurement entities under the Government for procurement of works specified in Annexure I to VII to the Government Order cited at (1) above.

However, implementation of G.O No.FD 06 PCL 2006 dated: 21-03-2007 mandating Standard Tender Documents was deferred till 31-12-2007 as per G.O. cited at (3) above or till the final decision is taken on the proposed modification and the same was extended till 30-06-2008 by the G.O's cited at 3&4 above.

In the procurement Reforms Standing Committee Meeting held on 2-8-2008, the proposal of the Public Works Department for certain modifications to the tender documents was discussed in detail. The Public Works Department had expressed the following difficulties in the implementation of Standard Tender Documents prescribed vide G.O.No.FD 9 PCL 2004 (1) dated:6-8-2005:-

- (i) Minimum financial turnover
- (ii) Satisfactory completion of similar works
- (iii) Owning of machineries
- (iv) Furnishing of 10% FSD
- (v) Payments to be made within 90 days to the Contractor
- (vi) Design and Drawings part of agreement
- (vii) Bid capacity, etc.,

The Committee considered in detail the proposal of the PWD and the Government has decided to modify certain clauses of the STD.

Hence the following Order.

Government Order No.FD 4 PCL 2008, Bangalore, dated:14.10.2008

Under the circumstances explained in the preamble, the following clauses of the Standard Tender Documents as prescribed in Government Order dated: 6-8-2005 are modified to the extent noted below:

Sl No.	Reference to Standard Tender Documents	Existing Clauses	Modified clauses
1	Clause 3.2.b. page 5 KW-1,2/3/4	Work experience: Satisfactorily completed (at least 90% of the contract value), as prime contractor, at least one similar work such as..... of value not less than Rs._____ (usually not Less than 80% estimated Value of contract)	a) Mandating satisfactory completion as a prime contractor for at least one similar work to an extent of 50% of the cost of the work, for all works costing up to and Rs.100 lakh. b) Mandating satisfactory completion as a prime contractor for at least one similar work to an extent of 80% of the cost of the work, for all works costing more than Rs.100 lakh. The PWG Form 65 will be discontinued. The relevant Paragraphs of the KPWD Code will be amended.
2	Clause 3.1 Page 5 K/W-1, Clause 3.3. Page 5 K/W-2, Clause 3.6 Page 6 K/W-4	Assessed available tender Capacity: (A*N*1.5-B) where A = Maximum value of civil Engineering works Executed in any one year during the last five years (updated to____price level) taking into account the completed as well as works in progress N= Number of years prescribed for completion of the works for which Tenders are invited. B = Value, at____price level, of existing commitments and on-going works to be completed during the next ____years.	In order to ensure higher tender capacity and better selection of eligible contractors and also to ensure more competition the existing multiplying factor of 1.50 for assessing the available tender capacity may be modified to 2.50 for works costing upto Rs.100 lakh. However, the existing clause shall remain the same for works costing more than Rs.100 lakh.
3	Clause 3.2 (a) page Page 5 K/W-4	<u>Qualification:</u> To qualify for award of this Contract, each Tenderer in its name should have in the last five years i.e.2000-2001 to	<u>Qualification:</u> To qualify for award of this contract each tenderer in his name should have in the last five years' period (a) achieved in at least two

		2004-2005 (a) achieved in at least two financial years a Minimum financial turn over (in all classes of civil engineering construction works only) of Rs.____(usually not less than two times the estimated annual payments under this contract)	financial years an average annual financial turnover of Rs..... (usually not less than the estimated cost under this contract for works costing up to Rs.100 lakh). However the existing clause remains the same for works costing more than Rs.100 lakh.
4	Clause 3.2 (c) page 5 K/W-4	Executed in any one Financial year, the minimum quantities of work (usually 80% of the peak annual rate of construction)	Executed in any one year (for a continuous period of 12 months), the minimum quantities of work (usually 80% of annual requirement) for works costing up to Rs.100 lakh. However the existing clause remains the same for works costing more than Rs.100 lakh.
5	Clause 3.3 (b) page 6 K/W-4	Liquid assets and/or availability of credit facilities of not less than Rs.____(Credit lines/letter of credit/Certificates from Banks for meeting the fund requirement etc., (usually the equivalent of the estimated cash flow for three months in peak construction period).	Liquid assets and or availability of credit facilities of not less than Rs..... (Credit lines / Letters of Credit / Certificates from Banks) for meeting the fund requirement etc., (usually 30% of the amount of contract) for works costing upto Rs.100 lakh. However the existing clause remains the same for works costing more than Rs.100 lakh.
6			<u>Additional Clause for inclusion:</u> In the case of the death of a contractor after executing the agreement/ commencement of the work, his legal heir, if an eligible registered contractor and willing, can execute and complete the work at the accepted tender rates irrespective of the cost of the work.
7	Clause 3.3 Page 5 K/W-3&4	<u>Equipment Capacity:</u> Each Tenderer should Further demonstrate: (a) Availability by owning the following key and critical equipment for this work.	<u>Equipment Capacity:</u> Each tenderer should further demonstrate: (a) availability by owning at least 50% of the required / specified key and critical equipment for this work and (b) the remaining 50% can be deployed on lease / hire basis for all works provided, the relevant documents (commitment agreements etc.) for availability for this work are furnished.
8	Earnest money Deposits. Clause 9.1	<u>Earnest Money Deposit</u> The Tenderer shall furnish, as part of his tender, Earnest Money Deposit in the amount as	<u>Earnest Money Deposit</u> The tenderer shall furnish as part of his tender, Earnest Money Deposit (EMD) at the following rates.

	Page 6 of KW1 Page 7 KW2/3 Clause 13.1 Page 8 KW 4	shown in Column 4 of the table of IFT for this particular work. This earnest money deposit shall be in favour of and may be in the form of Banker's cheque/Demand Draft/Pay Order, in favour of _____ payable at _____ or Cash or specified Small Savings Instruments pledged to _____	EMD amount as % of the estimated cost of the work put to tender a) Upto Rs.20 lakh – 2.5% b) Rs.20 lakh and above upto Rs.1 crore – 2% subject to a minimum of Rs.50,000/- c) Rs.1 crore and above upto Rs.10 crore – 1.5% subject to a minimum of Rs.2,00,000/- d) Rs.10 crore and above - 1% subject to a minimum of Rs.15,00,000/-
9	Performance Security (Clause 25)	<u>Performance Security</u> Security Deposit Within 20 days of receipt of the Letter of Acceptance the successful Tenderer shall deliver to the Employer a Security Deposit in any of the forms given below for an amount equivalent to 10% of the contract price plus additional security for unbalanced tenders in accordance with Clause 25.5 of ITT and Clause 44 of the Conditions of Contract.	<u>Performance Security</u> Within 20 days of the receipt of the letter of acceptance, the successful tenderer shall deliver to the employer a security deposit in any of the forms given below for an amount equivalent to 5% of the contract price plus additional security for unbalanced tenders in accordance with clause 25.5 of ITT & Clause 44 of the conditions of contract for all works.
10	Clause 7 Page 22 KW 4	<u>Subcontracting:</u> The Contractor may subcontract with the approval of the Employer but may not assign the Contract without the approval of the Employer in writing. Sub-contracting does not alter the Contractor's obligations	This Clause is deleted.
11	Clause 37.1 Page 27 KW 4	<u>Payments:</u> Payments shall be adjusted for deductions for advance payments, other recoveries in terms of the contract and taxes, at sources, as applicable under the law. The Employer shall pay the Contractor within 60 Days of submission of bill.	<u>Payments:</u> Payments shall be adjusted for deductions for advance payments other than recoveries in terms of contract and taxes, at source, as applicable under the law. The Employer shall pay the Contractor within 60 days of submission of the bill. The contractor shall be liable to pay liquidated damages for shortfall in progress. For progress beyond the agreed programme payment is subject to availability of the grants.
12	Clause 49 page 29 K/W-4	<u>Termination</u> 49.1) The Employer or the Contractor may terminate the Contract if the other Party	<u>Termination</u> 49.1) The Employer may terminate the Contract if the other party causes a fundamental breach of the

		causes a fundamental breach of the Contract. 49.2) a to h _ _ _ _ _	Contract. 49.2) Sub Clause (b) & (d) under this clause are deleted.
13	Clause 24 Page 24 KW4	<u>Disputes:</u> Procedure for resolution of Disputes through arbitration	<u>Disputes</u> Arbitration Clause will not be applicable wherever the value of the work is less than Rs.100 lakh
14	Clause 34.4 Page 26 K/W4	<u>Variations:</u> The Contractor shall promptly request in writing the Employer to confirm verbal orders and if no such confirmation is received within 15 days of request, it shall be deemed to be an order in writing by the Employer.	<u>Variations:</u> The Contractor shall promptly request in writing to the Employer to confirm verbal orders and the officer issuing oral instructions shall confirm it in writing within 30 days, failing which the work shall be carried out as though there is no variation. In case variation is approved it shall be accompanied by BOQ, failing which the contractor shall be responsible for deviation if any. Further, approval of Govt. has to be obtained for the variation exceeding 5%.
15	Clause Sec. 3 1.4 Column 7 / Foot Note 18 K/W-2	<u>Certificates:</u> Attach certificate from the Engineer-in-charge	<u>Certificates:</u> The contractor shall enclose / attach all the necessary certificates duly attested by the employer.
16	G.O.No.FD 06 PCL 2006 Bangalore Dated:21.3.2007 Para No.4	Additional Tender Documents for Procurement of Works of Value of more Rs.10 crore, documents for other types of contracts such as lump sum, percentage, private Sector participation BOT, BOO, BOOT etc., and other documents and found necessary would be issued in due course.	Para 4 of the operative portion of the G.O. will be suitably modified. Since, it is proposed to dispense with Form PWG 65 Standard Tender Documents will be applicable for all contracts irrespective of the value of the contract. As far as works costing Rs.10.00 Crore & above KW-4 shall be adopted.
17			<u>Identical Clause numbers in Tender Documents :</u> All the Standard Tender Documents may be redrafted with same clause numbers for various aspects of similar activity to avoid references to individual documents. Wherever certain clauses are not applicable in different tender documents, the title shall remain but the content shall be mentioned as “deleted”.

There is no change in the remaining clauses of the Standard Tender Documents. The forms PWG 65 and 66 Tender Documents are discontinued hence-forth.

2) Instructions to the Tenderers, Formats for submission of tender (unless specified otherwise) and the General Conditions of Contract, indicated in the standard tender documents shall not be changed. However, supplementary instructions, if any, to the above, to take care of local need/specific requirement, shall be provided in the Data sheet, Special Conditions of Contract, provided for in the documents.

3) Amendments to the relevant Codes and Rules will be incorporated in due course.

4) This order will apply for invitation of tenders for procurement of works to be invited hereafter and shall not be applicable for tenders already invited.

By Order and in the name of
Governor of Karnataka,

(M.R.SREENIVASA MURTHY)
Principal Secretary to Government
Finance Department

To:

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