

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

I&CAD Department – Tender procedures and Registration of contractors Rules – Comprehensive – Orders Issued.

IRRIGATION AND CAD (PW-COD) DEPARTMENT

G.O. No.94

Dated: 01.07.2003

Read the following:

1. GO Ms No.521, I&CAD (PW) Department dated 10.12.1984
2. GO Ms No.132, TR&B (RI) Department dated 11.8.1998
3. GO Ms No.23, I&CAD (PW) Department dated 05.03.1999
4. GO Ms No.8, TR&B (R1) Department dated 08.01.2003

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ORDER:

Government have constituted a Cabinet Sub-Committee in GO 938 TR&B (R.1) Department, dated 29.11.2000. The Cabinet Sub-Committee examined various issues relating to revision and streamlining of tender procedures with the following objectives.

- 1) Simplification of procurement procedures
- 2) Achieving greater transparency in procurement
- 3) Reducing delay in procurement
- 4) Improving quality of construction
- 5) Ensuring timely completion of projects

2. The Cabinet Sub-Committee analyzed the deficiencies in the existing procedures in respect of registration of contractors, qualification criteria, verification of certificates, standard bidding documents, tender premium, purchase of tender documents by non-serious bidders, prevention of cartel formation, deduction of taxes at source, maintenance of assets, grading of contractors and engineers, quality control measures etc. and examined different alternatives in order to achieve better results and made recommendations to the Government for consideration. Government, after careful examination of the recommendations of the Cabinet Sub-Committee and in partial modification of the orders issued in the G.O. 1st, 2nd and 3rd read above, have issued certain modified orders in GO 4th read above.

3. In order to simplify the adoption of the Government orders, issued in the G.Os 1st to 4th read above, Government hereby issue a comprehensive order on all the issues covered in the G.Os, in the Annexures appended to this order. Consequently with the issue of this G.O., the G.Os (1) to (4) read above stand abated.

4. These orders are made applicable with immediate effect.

5. This order issues with the concurrence of Finance & Planning (W&P) Department vide their U.O.Note No.SP 4649/F8(2)/2003-1, dated 12.06.2003.

(BY ORDER AND IN THE NAME TO GOVERNOR OF ANDHRA PRADESH)

J. HARINARAYAN,
PRINCIPAL SECRETARY TO GOVERNMENT

To
The Engineer-in-Chief (AW/IW)
The Engineer-in-Chief (Irrigation)
The Commissioner, Commissionerate of Tenders
The Engineer-in-Chief (R&B), Admn., Hyderabad
All the Chief Engineers of I&CAD Department
The Commissionerate of Tenders, BRKR Bhavan, Hyderabad
The Engineer-in-Chief, PR & RD, Hyderabad
The Engineer-in-Chief, PH, Hyderabad
The P.S. to M(M&M)32
The P.S. to Minister (R&B)
The P.S. to Secretary to Hon'ble Chief Minister
The P.S. to Principal Secretary, I&CAD
The P.S. to Secretary (Irrigation)
The P.S. to Secretary (Project)
The P.S. to Addl. Secretary (M)
The P.S. to Joint Secretary (T)
The P.A. to Joint Secretary (I)
The P.S. to Spl. Chief Secretary, TR&B Department
The Prl. Secretary to Law Department
The Prl. Secretary, PR&RD Department
The Prl. Secretary, MA&UD Department
Sri N.Subbarami Reddy, Advisor to Govt., QC 'H' Block, Secretariat
The D.D.M., Secretariat
Sf / Sc

//forwarded by order//

Sd/-
SECTION OFFICER

ANNEXURE – I

(Enclosure to GO Ms No.94,I&CAD(PW)Department, Dated.01.07.2003)

TENDER PROCEDURES

(Compendium of Orders issued in G.O.Ms.No: 521, Irrigation(PW)Department, Dated:10.12.1984, G.O.Ms.No: 132, T,R&B Department, Dated.11.08.1998, G.O.Ms.No:23, I & CAD Department, Dated. 05.03.1999 & G.O.Ms.No:8,TR&B Department, Dated.08.01.2003.)

(1) PREPARATION OF REALISTIC ESTIMATES:

(a) Standard Data

- i) The standard data which forms basis for preparation of estimates for all Civil Engineering works shall be updated taking the improved constructions technology in to consideration
- ii) The Chairman, Board of Chief Engineers and Engineer-in-Chief (Admn.), I&CAD Department shall complete the updation of Standard data.

(a) Finalization of Standard Schedule of Rates (SSRs)

The SSRs shall be finalized before June without exception every year. The preparation of SSR shall be made more transparent by associating the representatives of Construction Industry, National Academy of Construction and the Institution of Engineers (India) AP State Centre, at the time of finalization. For cities like Hyderabad and Visakhapatnam, unit rates will be prepared for various component items.

(b) Preparation of Estimates of PWS schemes

In order to prepare realistic estimates, the following provisions are permitted to be added in the estimate.

- (i) Tax at the rate of 2% for items relating to canal digging lining, repairing road works etc., where the earth work excavation and embankment is involved and for works other than the above, tax at 4% shall be added in the data.
- ii) A lumpsum provision shall be made in the abstract estimate towards Insurance considering the agreement period and defect liability period of two years for the original works and one year for maintenance works, by obtaining details of Insurance premium from Insurance Organizations.
- iii) A lumpsum provision shall be made in abstract estimates to meet the expenditure to be incurred by the Contractor on engaging Technical Personnel based on number of persons indicated in the tender document and permissible wages as per SSRs.

- iv) A lumpsum provisions shall be made in the abstract estimate towards Banker's Charges for obtaining Bank guarantees for payment of E.M.D. performance security and release of retention amount as per prevailing procedure based on the period. The period i.e period of completion plus defect liability period. The Chief Engineer concerned shall assess duly obtaining the details thereof from the Scheduled Banks and suitable provision shall be made. Till than, no provision for this item need be provided.
 - v) A provision at 1 percent of the cost of Cement towards construction of temporary store shed shall be added on the data of relevant items.
- (c) At the time of preparation of estimates, proper care should be taken to provide the lumpsum provisions for the aforesaid items and necessary conditions also should be incorporated in the tender document for suitable reimbursement to the contractors from out of the above provisions, however not exceeding the amounts indicated against each, on production of the Insurance policies, copies of appointment orders with payments vouchers, Bank Guarantee etc. Failing to comply with the above, reimbursement shall not be allowed but suitable penalty shall be imposed for not engaging technical personnel and the Engineer-in-Charge shall take Insurance policy at the cost of contractor duly deducting the premium from the contractor's bills. Contractor has to take policy in favour of the employer i.e. department.

(d) RATES FOR EARTH WORK EXCAVATION (with Machine).

Machine rates are to be adopted in all the cases for earth work excavation where the quantities exceeds 1000 cum, with relaxation on the following items of works.

- i) Earth work excavation for seating to lining for a depth of 0.10m to 0.15m for canals /channels
- ii) Removal of silt and slushy soils from the canals/ channels where depth or removal is less than 0.30m.
- iii) Earth work excavation for restricted foundation for small structures building foundations etc.
- iv) Silt in slushy soils removals in lined canals , where movement of machinery is restricted.
- v) Earthwork excavation for model sections, chutes etc., where the movement of machinery is restricted.

(2) SANCTION OF ESTIMATES:

a) Administrative Approval:

Administrative approvals to the estimates for major and medium irrigation schemes as well as schemes relating to R&B Department will be accorded in two stages.

- I) In Stage -1, the administrative approvals will be accorded for the following items which help in preparation of detailed project reports.
- i) Detailed investigation
 - ii) Preparation of EIA and EMP reports , R&R plan, forest clearance etc.,
 - iii) Preparation of detailed designs/ drawings
 - iv) Obtaining of necessary clearances
 - v) Acquisition of minimum lands required
 - vi) Completion of R&R, EMP etc
 - vii) Shifting of utilities for R&B Works
- II) In Stage-II projects will be prioritized and adequate funds be provided to complete them in realistic time frame. The second stage administrative approval will be issued only after designs are finalized, detailed investigation completed and lands are acquired for taking up works without interruption for the first two years. However, in respect of certain works such two approvals will be given straightaway on certification by the Engineer-in-Chief/Chief Engineer concerned that the Stage-I approval is not needed and that the designs are finalized, detailed investigation completed, lands are acquired and utilities are shifted for taking up the work with out interruption in the first two years.

b) Technical Sanction:

Not withstanding anything contained in the relevant codal provisions, APSS and Government orders with regard to the procedures of according the technical sanction, enhanced powers are delegated to the field officers as follows:

Executive Engineers upto : Rs.10.00 lakhs
 Superintending Engineers upto : Rs.50 lakhs
 Chief Engineers upto value of the administrative approval.

c) Limits of Inspection of Works for issue of Technical Sanction:

The departmental officials should inspect works before technical sanction is accorded by the competent authority as per the monetary limits indicated below:

- ☞ For Engineers-in-Chief / Chief Engineers :Rs.500.00 lakhs and above
- ☞ For Superintending Engineers :Rs.50.00 lakhs to below Rs.500 lakhs
- ☞ For Executive Engineers :Upto Rs.50.00lakhs

Scrutiny of estimates should be taken up at random by authority one level higher than that competent to issue technical sanction to the estimates except in the case of Chief Engineer / Engineer-in-Chief.

(3) TENDER NOTICE / DOCUMENTS:

- i) Tender Notice or Notice Inviting Tenders (NIT) will be approved by the Engineers for the works for which they are competent to accord technical sanction.

- ii) The tender documents will be prepared by the concerned Engineers, bringing greater transparency indicating the provisions made in the estimates for items which are reimbursable to the contractors with conditions therefore and other relevant conditions relating to the implementation of the contract and other eligibility criteria on both physical and financial requirements in addition to the conditions contained in the APSS, APWD code.

(4) TENDERS, INVITATION AND FINALIZATION:

- a) For the works upto Rs.50.00 lakhs the tender notice shall be published in District editions of two Telugu dailies with the largest circulation. For works costing more than Rs.50.00 lakhs, the tender notices will be published in one Telugu daily and one English daily having largest circulation at the State level. To reduce the cost of each publication, the format for the tender notice in the newspaper shall be finalized by the Board of Chief Engineers so that the cost of the advertisements is kept to the minimum.
- b) The tender schedules should contain not only the quantities but also the rates worked out by the Dept. and the amount for each item and the total value of the contract. The tenderer will not be required to quote item wise. He should indicate his willingness to do the work either at the estimated value of the work or at a percentage in excess of the estimated value of the work or at a percentage less than the estimated value of the work.

(5) COLLECTION OF EMD AT THE TIME OF ISSUING TENDER DOCUMENTS:

In order to discourage purchase of tender documents by non-serious bidders, tender documents shall be issued to contractors on payment of Earnest Money Deposit, at 1% of the estimate contract value. Successful bidder will pay balance EMD of 1½ % contract value at the time of concluding the agreement.

(6) PREVENTION OF COLLUSION OF CONTRACTORS:

With a view to prevent collusion or the formation into a ring by contractors, the following orders are issued:

- a) Tender schedules shall be issued till a date prior to the last date of submission of tenders.
- b) Once a contractor buys a tender schedule he shall not be permitted to return the schedule. After buying a tender schedule, if a contractor does not tender for the work, his EMD shall be forfeited (cash or bank guarantee or both).

(7) RECEIPT OF TENDERS:

- i) The tender schedule shall be issued up to one day prior to the last day of submission of tenders. The tenders shall be received at the place and time as specified in the Tender Notice. The contractor shall be allowed to submit the tender either personally or through his agent or by post. In case of submission of tender by post the risk and responsibility for either loss or delays in transit of the same is to be borne by the contractor. The

tender opening authority will not consider any tender received by him after the expiry of date and time fixed for receipt of tenders.

- ii) Tender will be received in two parts in 2 different sealed covers. Cover-A and Cover-B. The Cover-A shall contain the qualification data viz. Annual Turnover and value of works under execution etc. as at para (10). The Cover-B will contain the financial bid for the work in question. The Cover-A and Cover-B will be sealed and kept in another sealed envelope (Cover-C) supplied by the Department while issuing Tender Schedules.
- iii) The EEs and SEs delegated with the power to invite the tenders will open evaluate the tenders as per the qualification criteria. While opening the tenders care should be taken to first open Cover-C in the presence of the tenderers or their authorized representatives and other officials concerned on the specified date and time and also to verify whether the Cover-A and Cover-B are properly sealed and minutes be recorded to this effect then and there only. In case the Covers A&B or any one of them are found / unsealed, such tenders will not be opened and summarily rejected.
- iv) First cover (Cover-A) with superscription as "TECHNICAL BID" which shall contain the qualification data as described at para 10 will be opened.
- v) Second cover (Cover-B) with the superscription of "PRICE BID" shall contain the Schedule-A i.e. the statement of description of work, quantity, estimate rate and amount, price bid (Cover-B) of those tenderers who are determined as qualified as per eligibility criteria will be opened on the date specified in the tender notice and the Cover-B of un-qualified tenderers will not be opened and kept in the safe custody till the tenders are finalized and there after shall be returned to them along with EMD. The Schedule-A of price bid shall contain the working items indicated as Part-1 and LS provision as Part-II. The premium or discount quoted by the contractor shall be applicable only for Part-1. However, the provisions contained in the Part-II will be operable basing on the conditions provided in the tender schedules. The tenderers will have to state clearly their willingness to execute the work at the percentage excess or less or at par over the ECV indicated at Part-I at the space provided therein.
- vi) Before recommending / accepting the tender, the tender accepting authority shall verify the correctness of certificates submitted to meet the eligibility criteria and specifically for experience, the authenticated agreements of previous works executed by the lowest tenderer, shall be called for.

The EMD will be returned to the qualified but unsuccessful tenderer either after finalization of tenders or on expiry of validity of tenders whichever is earlier.

(8) FINALISATION OF TENDERS:

- (i) Tenders will be finalized by the EEs/SEs for the works costing upto their powers to accord technical sanctions.

- (ii) The Chief Engineer shall finalise the tenders up to Rs.2 crore. The tenders for the works costing more than Rs.2 crore will be referred to COT along with Technical Bid evaluation and Price Bid evaluation for consideration. The COT shall scrutinize the tenders submitted by Engineer-in-Chief/Chief Engineers/project Administrators in accordance with the conditions stipulated in the Tender document and in case of any discrepancy or non-adherence to the conditions , the same shall be communicated which will be binding both on the Tender Concluding Authority and the Contractor. In case of any ambiguity, the decision taken by the COT on tender shall be final.
- iii) Negotiations are not permitted to be conducted at any level.
- iv) The time allowed from the date of publication of tender notices to the date of receipt of tenders is 14 days for the first call and 7 days for the second call. The tenders will be received following three box system i.e. at SE's office, office of the SP of the District where the SE's office is located, and one in the office of the ENC or by post to the SE concerned.

(9) VERIFICATION OF CERTIFICATES AND EXPERIENCE:

- a) A website will be created and maintained by Commissioner of Tenders wherein details of all contractors will be made available. Existing contractors should submit the details of their experiences with an affidavit before the Commissioner of Tenders. The Commissioner of Tenders should place all these details on the web site. Those having objections should file before the Commissioner of Tenders within a period of one month from the date of placement of experience particulars on the website. The Commissioner of Tenders should conduct the investigation on the objections of the contractors filed and final experience certificate should be displayed on the website within one month from the date of receipt of objections filed by the contractors. If any contractor submits false information, he will be liable for blacklisting. The Commissioner of Tenders should send proposals recommending to the Government with proper justification for black listing such of those contractors who furnish false information.
- b) All executive agencies in different departments will be given a pass word for making necessary entries in the website from time to time. Updating of the information on the website shall be done by the awarding authority as and when a work is awarded. Similarly if a work is cancelled, the same should also be reflected in the website by canceling authority. Verification of certificates by sending to various agencies should be done away with which examining the eligibility. Instead, the information in the website should be used by all. This information should be cross-checked by the Commissioner of Tenders every year. The Commissioner of Tenders will also examine the objections as and when received. Those giving false of objections shall be penalized up to an amount of Rs.10,000/-. Detailed orders in this regard will be issued separately for which proposals shall be sent by Commissioner of Tenders. The Commissioner of Tenders can also examine and have details verified suo-moto.

- c) The Commissioner of Tenders should issue passbooks to each contractor containing all the details covering experience, financial capacity etc. The contractors should enclose a Xerox copy of the passbook along with tender applications. Works awarded / cancelled should be entered in the passbook by an officer not lower than the rank of Executive Engineer. The details in the passbook should tally with those in the website.

Duplicate passbooks can be issued on payment of an amount of Rs.5000/ on the first occasion and Rs.25,000/- subsequently.

- d) Contractors who execute their works within time as per specifications shall be issued a merit certificate acknowledging their timely completion ensuring good quality. The merit certificate shall be given in a public function with due publicity to increase the prestige and standing of the contractors in the society. While giving works on nomination the contractors who have received the merit certificates for quality and timely performance, shall be given preference over others. The performance of the contractors on the works shall be obtained and maintained in the offices of the registering authorities viz. EEs, SEs, CEs and Board of CEs. The performance shall be assessed annually and the results shall be made use of while considering applications for renewal of contractors registrations.

(10) QUALIFICATION CRITERIA:

- A. To qualify for award of the contract, each bidder in his name should have during the last five years (specified financial years i.e. they should be immediately preceding the financial year in which tenders are invited).
- a) Satisfactorily completed as a prime contractor, similar works of value not less than Rs. /- @ (usually not less than 50% of estimated value of contract) in any one year.
- b) Executed in any one year, the following minimum quantities of works.
- Cement concrete including RCC and PSC in Cu.M.
 - Earth work in both excavation and embankment in Cu.M.
 - (Relevant principle items be indicated)
 - (Usually 50 percent of the expected peak quantities of construction per year)
- B. Each bidder should further demonstrate:
- a) Availability (either owned or leased or to be procured against mobilization advances) of the following key and critical equipment for this work
- -
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Note: (Based on the studies carried out by the Engineer, the minimum suggested major equipment to obtain the completion of works in accordance with

the prescribed construction schedule/mile stones are shown in the above list)

- b) Availability of the Key personnel with adequate experience as required should be indicated based on the requirement for the work to be executed.
- c) Liquid assets / credit facilities of not less than Rs. Lakhs (credit lines / letter of credit / solvency certificates from Banks etc. shall be equivalent of the estimated cash flow for three months in peak constructions period.
- d) EMD in the shape of Bank Guarantee in the standard format enclosed, for Rs._____ (one percent of the estimated contract value) to be valid for the period indicated at para 1.d.iv. i.e. period of completion plus defect liability period.
- e) Experience relating to the works executed in State / Central Government departments or State / Central Government undertakings shall only be considered.

(11) BID CAPACITY:

- a) Sub Contractor's/GPA holders will be allowed if sub letting is officially permitted, other wise, the Sub contractors /GPA holder's experience shall not be taken in to account in determining the bidder's compliances with the qualifying criteria. The tenderers who meet the required qualification criteria will be qualified only if their available bid capacity is more than the estimated contract value.

Assessed available Bid capacity: $A \times N \times 2 - B$

Where

A = Maximum value of civil engineering works executed in any one year during the last five years (updated * Price level) taking in to 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 of existing commitments and ongoing works to be completed during the period of completion of works for which tenders are invited.

Note : The Statement showing the value of existing commitments and ongoing works as well as the stipulated period of completion remaining for each of the works listed should be issued by the Engineer-in-Charge of Government Department/Undertaking not below the rank of Executive Engineer or equivalent and countersigned by the rank of Superintending Engineer or equivalent. The statement to the above effect will be clearly enclosed to the bidding document, and the tenderer shall furnish the

particulars invariably in the same format failing which the tender shall be treated as incomplete and summarily rejected.

@ = at* Price level. Financial turnover and cost of completed works of previous years shall be given weightage of 10% per year to bring them to Price level *

* The financial year in which bids are invited.

- b) Even though the tenderer meets the above qualification criteria, he/she is subject to be disqualified if he/she is found to have misled or made false representation in the forms, statements submitted in proof of the qualification requirements or record of poor performance such as abandoning works, not properly completed in the contract, inordinate delays in completions, litigation history and or financial failures and / or participated in the previous tendering for the same works and had quoted unreasonably high bid prices. In addition to the above, even while execution of the work, if found that the contractor had produced false/fake certificates of experience, he/she will be black listed and work will be taken over invoking clause 60 (a) of PS to APSS.
- c) Tenders shall be valid for a period of 1/2/3 months as the case may be. Before the expiry of the validity, the authority competent to call for tenders shall seek for further extension of validity from the contractor's and in case the validity is not extended his/her tender will not be considered and the EMD shall be returned. During the period of validity if any tenderer withdraws his tender his/her EMD shall be forfeited.

12. QUALIFICATION CRITERIA FOR WORKS COSTING Rs.10.00 Lakhs AND BELOW.

The qualification criteria at para 10 as well as modified procedure of collecting EMD in shape of bank guarantee will not be made applicable for the works costing Rs.10.00 lakhs (ECV) and below. For above works single cover system shall be followed and the EMD shall be submitted along with the completed tender schedules.

13. TENDER PREMIUM.

(i) Ceiling of tender premium

For all works the ceiling of tender premium shall be 10%. As per the guidelines even after the two calls if the tender premium quoted is more than 10% the matter should be referred to the Government and Government may order for a fresh call or may constitute a committee to award the work on nomination to a reputed contractor from the list to be maintained by the department on the basis of performance of contractor.

(ii) Discount tenders

(Percentage less than estimated cost) : Tenders up to 15% less than the estimate may be accepted but for tenders which are less by more than 15% estimate a bank guarantee or Demand Draft for the difference

between the tendered amount and 85% of the estimated value should be taken so that the tenderer leaves the works mid way and the department forced to call for tenders for the work once again, the bank guarantee or demand draft shall be used to finance the re-tendered work.

14 (i) ENTRUSTMENT OF WORKS ON SELECITON BASIS

The tenders received which are found to have abnormally high percentage or with in the permissible ceiling limits prescribed but under collusion or due to un ethical practices adopted at the time of tendering process shall be rejected.

When such situation arises that even for second tender call the reasonable percentage in fair and free environment is not received, the works will be entrusted on selection basis from the out of the list of contractors who are possessing the eligibility criteria as specified in the tender document with proven track record prepared as per the procedure laid down in the annexure –II will be selected in turns of five contractors at each time and will be asked to file their price bids at specified place and time before the competent committee as stated at para 14 (ii) to entrust the work. The committee assessing the reasonableness of the excess percentage quoted will recommend to award the work to the lowest of all the contractors participated. The contractor to whom the work is entrusted on selection basis will be provided necessary security and protection if requested at his cost.

(ii) COMMITTEES TO ENTRUST WORKS ON SELECITON BASIS

For the purpose of above selection and entrustment of works to contractors the composition of the committees at District and State level and powers delegated to them are as under:

- (a) For the works costing up to Rs.1.00 Crore, a committee consisting of the Collector of the District in which work is located, the SE concerned with the work and two Superintending Engineers of two other works departments viz., Panchayat raj, R&B and the Irrigation will recommend to the competent authority to award the work.
- (b) For the works costing above Rs.1.00 Crore, the committee consisting of the Tender committee and the Chief Engineer concerned and Engineer in Chief (PR) will recommend and award the works on selection basis.

(iii) GRADING OF CONTRACTORS AND ENGINEERS

- (a) Grading of contractors should be undertaken depending upon their performance, maintenance of quality, timely completion of works and adherence of agreement conditions. The Engineer in Chief (PR) shall take action and finalise the modalities of grading of contractors with in 60 days of the issue of this GO and submit

- the proposals to Government. The grading should be updated every year as on 1st June.
- (b) Like wise, the engineer should be graded depending upon their performance for which all engineering department should issue guidelines that are specific to them.

15. SUB CONTRACTOS :

If the prime contractor desires to sublet a part of the work he should submit the same at the time of filing tenders itself or during execution, giving the name of the proposed sub contractor, along with details of his qualifications and experience. The Tender Accepting Authority should verify the experience of the Sub-Contractor and if the Sub-Contractor satisfies the qualification criteria in proportion to the value of work proposed to be sublet, he may be permit the same. The Total value of works to be awarded on subletting shall not exceed 50% of contract value. The extent of subletting shall be added to the experience of the sub-contractor and to that extent deducted from that of the main contractor.

16. PRICE ADJUSTMENT

Price adjustment shall be granted where administered prices are enforced and that to for works estimated at more than Rs.2.00 Crores and having completion period of more than 18 months. This should be applicable with in original contract period or extended period owing to departmental delays. This will not apply to cases attributed to contractors fault.

17. MOBILISATION ADVANCE

The contractors for works exceeding more than Rs.1.00 crore of estimated cost value are permitted to avail the facility of mobilization advance upto 10% of the value of the contract against an unconditional and irrevocable bank guarantee. The advance will attract a suitable rate of interest (as per government borrowing rate) and be deducted in suitable installments from the bills of the contractors.

18. CONSTRUCTION MATERIALS

The present practice that the contractor has to procure at his own cost, the principal construction materials like cement steel, pipes, pumpsets, equipments bitumen, sand metal, soils etc shall continue.

19. SEIGNIORAGE CHARGES

The seigniorage charges will be recovered from the contractor's bills as per the rates prescribed in the contract document for the materials used on the work only. The present practice of insisting for production of documentary evidence for having paid seigniorage charges in items of G.O.Ms. No: 243 dt 8.5.1986. and in the absence of such production of evidence, the imposition of five times penalty is dispensed with.

20.SALES TAX

For sales tax / tax on works contracts, contractors are given an option to opt for composing schemes under section 5(g) of the APGST act and those opting for it are subject to a tax deduction of 4% at source on the total value of contract. In such case, the departments will not insist on production of clearance certificate and no assessment of tax will be needed.

21. LIQUADATED DAMAGES.

The liquidated damages are imposed on the contractors as per the present practice basing on the milestones.

22. PAYMENT OF BILLS :

The contractors will be permitted to submit their work bills once in a month and payment will be made after proper check of quality with in a reasonable time limit. The final payment of the contractor should not be delayed for want of certification from the quality control staff.

23. PAYMENT FOR EXCESS QUANTITIES

Payments for execution of quantities, in excess of agreement quantities, should be made without delay and the EEs should take prompt action to obtain the approvals of the competent authority to make the payment to the contractors. Failure in this regard shall result in disciplinary action being taken against the concerned engineers. Similarly, final payments to contractors should not be delayed for want of certificate from the quality control staff. The Chief Engineers should ensure proper performance of the quality control wing and see that they give the certificate in time on pain of disciplinary action to avoid delays in the payment of finals bills to the contractors.

24. QUALITY CONTROL

- a. The contractor and Engineers in charge of construction/ maintenance are responsible for the quality of construction/ maintenance. The departmental executing Engineers will act as quality assurance engineers. The quality control officials are accountable for the quality of the work where certification issued by them. They should also act as quality audit engineers.
- b. If external agencies are engaged, for conducting quality audit the following method should be adopted.
 - (i) Before inspecting the work, the external agency should inform the Head of the department. It should conduct the quality control test as per the standard procedures in the presence of construction and quality control engineers and contractor who is executing the work.

- (ii) The observations of the external agencies on the quality of work should be recorded then and there and signatures of all the concerned obtained as a token of acceptance of the observations.
- c. For all works costing more than Rs.2.00 Crores, the contractor shall submit the quality plan and also show proof of owing quality laboratory or having tie-up with established quality laboratory. The details of quality control test equipment required should be incorporated in the tender documents. The equipment needed should be stabilized by individual departments depending on nature of work.
- d. All the major contractors should be encouraged to have ISO certification and those having same may be given preference in awarding of works.

25. DEFECT LIABILITY PERIOD

The contractors are responsible for the quality of works executed till the expiry of defect liability period which is now prescribed as two years for both original works and maintenance works. Each department should formulate and issue guidelines based on the nature and life span of the works.

26. TRAINING :

Upto one percent of the budget allocation shall be set apart to train engineers of the department at all levels for introducing new technologies, practices, materials in execution of works.

27. SITE ORDER BOOK

The site order book shall be maintained as provided for in the codes and it should contain the remarks and instructions of all engineers who visit the work viz., the E. E. , S.E, C.E., E n C..

28.COMMITTEES TO RESOLVE INTER DEPARTMENTAL PROBLEMS

In order to expedite execution of works and to remove any difficulty that contractors may face in obtaining clearances and other infrastructure facilities from various departments such as shifting of power lines, procurement of blasting materials, power supply connections etc, at the district level, the Collector will formulate committees and take necessary steps. The Chief Secretary will have periodical review with concerned secretaries and Chief Engineers in order to resolve the difficulties which could not be sorted out at District level. The heads of the departments are directed to constitute the suitable committees at different level for speedy settlement of the difference kinds of, or levels of dispute of technical nature by the chief engineers concerned.

ANNEXURE – II

(Enclosure to G.O.Ms.No.94,I & CAD(PW:COD)Dept, dated.01.07.2003)

RULES FOR REGISTRATION OF CONTRACTORS: (As issued in GO Ms.No. 521, I & CAD Department, dated 10.12.1984 and as amended in GO MS No. 8, T, R&B Department, dt. 8.1.2003)

(1) **REGISTRATION:**

- (a) The contractors registered will be called as contractors of all Engineering departments of A.P. State Government.
- (b) The registration of the contractors will be done in the following categories:
 - (i) Civil Contractors (of all public work departments)
 - (ii) Public Health Engineering
 - (iii) Furniture
 - (iv) Electrical
 - (v) Transport
 - (vi) Fabrication and Erection of structural steel.
- (c) Registration of contractors in each category will be done in the following classes, separately under each one or more of the classes as they may desire.
 - (i) Special Class
 - (ii) Class – I
 - (iii) Class – II
 - (iv) Class – III
 - (v) Class – IV
 - (vi) Class – V
- (d) The contractors of Special Class, Class-I, Class – II and Class- III are eligible to take up the works throughout the State. The contractors of Class – IV and Class V can tender for works only within the circle where registration is done.
- (e) **Procedure for registration:** The contractor shall submit an application in the proforma given in the Annexure- IV to the concerned authority together with necessary documents in support of his application (as mentioned below). The authority competent to register the contractor in the concerned class will take action to verify the credentials and antecedents of the contractor and issue suitable order registering the contractor. Before registering in any class or category the contractor shall be asked to sign in the code of conduct, which shall be appended to the divisional copy of the APDSS. A draft form for issuing orders of registration to be adopted by the registering authority is given in Annexure – VI of this G.O.
- (f) The following documents shall be submitted along with the application seeking registration as a contractor in a particular class or category.

- (i) Application form (in the proforma prescribed in the Annexure-VI with Rs.2/- Court fee stamp, affixed thereon).
 - (ii) Proof of payment of registration fees.
 - (iii) **Solvency Certificate:**
 - (a) The Solvency Certificate for the amounts shown under item (iv) of the Annexure – III shall be obtained from the officer of the Revenue Department of the rank not below that of the Tahsildar in the proforma in Annexure (V) (a).
 - (b) The certificates may also be obtained from a schedule bank in the proforma given in the Annexure (V) (b).
 - (c) The solvency certificate shall be valid for a period of one year from the date of their issue.
 - (d) The solvency for registering various class of contractors is fixed as 10% of the minimum monetary limit of that class. This will apply to all future registrations and renewal of registrations by existing contractors.
 - (iv) A list of works executed by the contractor during the past five years duly certified by the concerned departmental engineer of the rank of an Executive Engineer or equivalent officer.
 - (v) **Latest Income Tax and Sales Tax Clearance Certificate:** The names of the firms/individuals shall be registered and included in the approved list of contractors only when they produce income tax clearance certificate in the form approved by the Income Tax authorities. No exemption from this requirement shall be granted even to the co-operative societies
 - (vi) Copy of the partnership deed in the case of registration of partnership/partners/companies.
 - (vii) Form 'C' issued by the Registrar of firms in the case of partnership / companies.
 - (viii) A copy of the Engineering Degree in the case of unemployed Engineering Graduates.
- (g) **Rules for registration:**
- (i) The registration of contractor in any class once done shall be in force only for five (5) years in that particular class. The contractor shall register himself afresh every five (5) years thereafter. The registration shall however be done only twice in a year i.e., January and June. The existing contractors shall be given six months time for registration as contractors afresh under these rules, from the date of issue of this order.
 - (ii) While submitting the application for fresh registration in the same class or for registration in higher class, the contractor shall furnish the certificate of his performance issued by the Executive Engineer in charge of the works as detailed in Annexure-III, Sl.No. 5 and Note. II against the item.
 - (iii) The cases firms or companies, though newly formed may be considered provided concerned firms or companies have recruited

or already consist of highly skilled professional Engineers and experts, in their organization.

- (iv) A contractor can register his name in more than one category.
 - (v) The contractor shall not apply for registration in his name and also in the name of partnership/company which runs in his name in the same class or category at a time.
 - (vi) Contractors of other states shall get themselves registered in this state before offering their tender for works in this state.
 - (vii) Application of the contractors for registration in Special Class and Class-I may be recommended by the individual Chief Engineers to the Engineer-in-chief for placing them before the committee of Engineer-in-chiefs for its consideration and decision.
 - (viii) The contractor already registered in a particular class can form partnership firms in the same class and category only by a separate registration foregoing his individual registration at the time of biennial registration as mentioned in Clause (i) above.
 - (ix) In the case of partnership/companies any changes in the partners shall be reported to the registering authorities within one month of the date of such change.
 - (x)** The applicant is required to furnish the following certificate, Certified that I will employ qualified technical personnel with suitable complimentary staff to meet the requirements of the works as specified in the tender documents.
- (h) Registration of contractors which is presently being done in each Specialization in Special Class and Class – I is dispensed with. In future, Registration under these categories will be done without any specialization as is being done in respect of other categories of contractors. Existing contractors of Special Class and Class – I will be eligible for all categories of works unless otherwise specified in the tender process, specialization if required for any works shall be specified clearly in the qualification criteria in the tender process.

The Registration of contractors shall be done as detailed.

S.NO.	CLASS OF CONTRACTORS	MONETARY LIMITS OF WORKS	REGISTERING AUTHORITY.
1	2	3	4
1	Special Class	Above Rs.10.00 Crores	Committee of Engineer-in-chief and the Commissioner, Commissionerate of Tenders.
	Class - I	Above Rs.2 crores to upto Rs.10 crores	Committee of Engineer-in-chief and the Commissioner, Commissionerate of Tenders.
	Class – II	Above Rs.1 crore upto Rs.2 crores	Committee consisting of the Chief Engineer concerned another Chief Engineer of the same or other department and Member Commissioner of Tenders to be nominated by the Commissioner, Commissionerate of Tenders.
	Class – III	Rs.50 Lakhs to Rs.1 crore	District Level committee comprising the Superintending Engineers available in the district and a representative/nominated by the Commissioner, Commissionerate of Tenders
	Class – IV	Above Rs.10 lakhs up to Rs.50 lakhs	District Level committee comprising the Superintending Engineers available in the district and a representative/nominated by the Commissioner, Commissionerate of Tenders
	Class – V	Up to Rs.10 lakhs	Executive Engineer of the Division concerned.

(2) DEMOTION OF CONTRACTORS

- (a) The registering authority may demote a contractor to a lower class, if he:
- i) Fails to execute contract or executes it unsatisfactorily or is proved to be responsible for constructional defects (or)
 - ii) has no longer adequate equipment, technical personnel or financial resources (or)
 - iii) Violates any important conditions of contract
 - iv) is responsible for any other matter which may justify his demotion to a lower class.
 - v) if litigious by nature.

- (b) The fact of and the reasons for demotion shall be communicated and two weeks time shall be given to the contractor to offer his explanation before demoting him.
- (c) Copies of the order together with a memorandum containing reasons for demotion should be forwarded to the Government through the concerned Chief Engineer and to the Engineer-in-chief.
- (d) In case of contractor registered for more than one category or work (viz., Civil, Sanitary, Electrical, transport and fabrication and erection of structural steel), the order regarding demotion would apply only to one category unless otherwise stated in orders.

(3) **SUSPENSION OF BUSINESS:**

- (a) Suspension of business with a contractor may be ordered by the registering authority for any indefinite period pending full enquiry into the allegations, the registering authority is prima facie of the view that the contractor is guilty of an offence in relation to the business dealings which if established would result in his removal, black listing and it is not desirable to continue business with the contractor.
- (b) The reasons for suspension of business shall be intimated to the contractor and two weeks time shall be given to him to offer his explanation. If the explanation is not satisfactory, action may be initiated for suspension of business.
- (c) Copies of the orders together with a memorandum containing reasons thereof should be forwarded to the Government through the concerned Chief Engineer and Engineer-in-chief.
- (d) Suspension of business with the contractor for a specific period may be ordered to the registering authority when the contractor is responsible for minor technical offence(s) or when he fails to furnish the I.T.C. In such a case, the fact of the suspension should be communicated to the contractor giving reasons for the same. This action need not be reported to the Government

(4) **REMOVAL FROM THE APPROVED LIST**

- (a) Registering authority may remove the name of a contractor from the approved list, if the contractor
 - (i) has on more than one occasion failed to execute a contract or has executed it unsatisfactorily (or)
 - (ii) fails to abide by the conditions of registration or is found to have given false particulars or information at the time of registration.
 - (iii) Persistently violates any important condition (s) of the contract; or
 - (iv) Is proved to be responsible for construction defects in a number of cases; (or)
 - (v) Is declared or in the process of being declared bankrupt, insolvent, wound up dissolved or partitioned (or)
 - (vi) Persistently violates the labour regulations and rules.

- (b) The reasons for removal from the approved list shall be intimated to the contractor and two weeks time shall be given to him to offer his explanation. If the explanation is not satisfactory, action may be taken to remove the contractor from the approved list. The EMD shall also be forfeited.
- (c) Copies of the orders together with a memorandum containing reasons thereof should be forwarded by the registering authority to the Government through the concerned Chief Engineer and the Engineer-in-chief.
- (d) In respect of contractors registered various categories of work (Civil, Technical, Transport and fabrication and erection of steel structure) orders regarding the removal should apply only to the particular category, unless otherwise stated.

(5) **BLACK LISTING:**

Only the administrative department will blacklist the contractor.

- (a) The head of the department (Chief Engineer) may blacklist a contractor with the approval of the Government, where:
 - (i) there are sufficient and strong reasons to believe that the contractor or his employee has been guilty of malpractice (s) such as irregular practices including formation of ring, bribery, corruption and fraud including substitution and in tenders smuggling, pilfering of unauthorized use of disposal of Government materials issued for specific work.
 - (ii) A contractor continuously refuses to pay Government dues without showing adequate reasons.
 - (iii) A contractor or his partner or his representative has been convicted by a court of law for offence involving moral turpitude in relation to business dealing (s).
 - (iv) Security consideration including suspected disloyalty to the State so warrant.
 - (v) The EMD shall also be forfeited.
- (b) Contractor should be given an opportunity of two weeks time for offering his explanation on the proposal to black list him before taking final decision.
- (c) Copies of such orders together with the reasons for the action taken and also the names of the partners and the list of allied concerned coming within the effective influence of the blacklisted contractors will be forwarded to the Secretary of the concerned administrative department who will in turn intimate the other departments in the Government for ordering immediate cessation of all future business with the contractor.
- (d) Decision for black listing of a contractor under Sub-para 6.1 (c) will be taken by the concerned administrative department and communicated to the concerned Chief Engineers giving reasons for blacklisting the contractor as also the names of all the partners of the contractor and allied concerned coming within the effective influence of the blacklisted contractor. Blacklisting orders would however be issued by the Chief Engineer. The Chief Engineer shall intimate the reasons for blacklisting of the contractor concerned.
- (e) Action for blacklisting a contractor should be taken only where it is established that the offence was committed in order to secure advantage to the contractor

and not where the object may be to secure advantage to any employee or representative of the contractor personally.

- (f) Care should be taken to see that the contractor blacklisted does not transact business with Government under different name or title.
- (g) The administrative department in the Government while examining any case of blacklisting of a contractor may refer doubtful marginal cases for advice to the Law Department wherever justified necessary.
- (h) Once the blacklisting orders are issued they should ordinarily not be revoked unless:
 - (i) On review the Government is of the opinion that the punishment already undergone is adequate in the circumstances of the case.
 - (ii) In respect of the some offence, the accused has been honorably acquitted by a court of law.
- (i) The Engineer-in-chief, shall be responsible for keeping up to date list of black listed contractors (including those black listed at the instance of the Government) and circulate the list periodically to the Chief Engineers of all the Engineering Departments. The Engineer-in-chief will also circulate every quarter a list of additions and revocations during the previous quarter.

(6) **RESTORATION:**

Upgrading a demoted contractor revoking the suspension of business, restoring registration, withdrawal of blacklisting, etc., may be considered at an appropriate time on the merits of each case by the authority, who has passed the original orders. Copies of restoration orders should also be furnished to the concerned administrative department of the Government.

ANNEXURE – IV

(Enclosure to G.O.Ms.No.94,I & CAD(PW:COD)Dept, dated.01.07.2003)

FORM OF APPLICATION FOR REGISTRATION OF CONTRACTORS CIVIL/ PUBLIC HEALTH ENGINEERING/FURNITURE/ELECTRICAL/TRANSPORT/ FABRICATION AND ERECTION OF STRUCTURAL STEEL/ CONTRACTOR.

TO
THE CHIEF ENGINEER,
MAJOR IRRIGATION,
MEDIUM IRRIGATION AND
MINOR IRRIGATION
HYDERABAD.

Sir,

Sub: Contractor- PRED - Application for Registration as Class-I/II contractor-submitted.

I, Sri _____ Managing
Partner of _____
(in the case of firm)

M/s. _____ Engineers and contractors,
Resident _____ Village, _____ Taluk
_____ District _____ a Registered class _____
contractors _____ of Govt/Corporation, etc., request you to kindly
register my name/our firm as _____ Class contractor in the category of
Civil/Public Health Engineers/Furniture/Transport/ Electrical/Fabrication and erection of
structural steel/contractors and communication orders.

2. In this connection, I enclose the following prescribed documents for your information.

- i) Treasury challan No. _____ dated: _____ for Rs. _____ Creditable to the EE, RWS, Hyderabad Division Cash remittances towards registration Fees.
- ii) Solvency Certificate issued by competent authority for Rs. _____ (The Solvency certificate shall be not more than one year old).
- iii) A list of works carried out by me in the past five years with their values, certified by departmental Engineer of the rank of Executive Engineer or equivalent rank.
- iv) Latest Sales Tax/Income Tax Clearance certificate
- v) Certified copy of the partnership deed (in the case of firm)
- vi) Form (C) issued by the Registrar of Firm (in the case of firms only) certified

- vii) Copy of the Engineering degree certificate issued by the recognized university (in the case of Engineering Degree holders seeking registration)
- 3. I enclose a certificate to the effect whether the applicant or any of the partner or share holders or any of the personnel working under the applicant is/are dismissed Government servants).
- 4. I certified that I would not get my self registered under more than one name.
- 5. I will get my registration renewed within 5 years from the date of rregistration.

Place :
Date:

Signature of the applicant

ANNEXURE – V (a)

(Enclosure to G.O.Ms.No.94,I & CAD(PW:COD)Dept, dated.01.07.2003)

FORM OF SOLVENCY CERTIFICATE BY TAHSILDAR

I, _____ Tahsildar of _____
_____ do hereby certify, on being satisfied by the
examination of Revenue and other records and local enquiries that
_____ (here
the name and address of the contractor should be mentioned) is solvent to the extent of
Rs. _____ (Rupees _____
_____).

**Tahsildar
Seal of the Officer
Taluk**

Date
Place

ANNEXURE – V (b)

(Enclosure to G.O.Ms.No.94,I & CAD(PW:COD)Dept, dated.01.07.2003)

FORM OF SOLVENCY CERTIFICATE BY BANKS

I, _____ Managing
Director/Manager/General Manger/ Agent of _____
_____ Bank limited, do hereby certify that
_____ (here
the name and address of the contractor) to be solvent to the extent Rs. _____
(Rupees _____
_____) as disclosed by the information and record which
are available with the afore said Bank.

For the _____ Bank
(Designation of the officer authorized to sign)

Date
Place

ANNEXURE – VI

(Enclosure to G.O.Ms.No.94,I & CAD(PW:COD)Dept, dated.01.07.2003)

Proceedings No. _____
dated: _____

Sub: Contractor- Registration of Class I and Special Class (Civil)
Contractors- orders – issued.

Ref: 1)

* * * * *

The Board of Chief Engineers examined the applications received from the contractors referred to for Registration as Class I/Special Class (Civil) contractor at its meeting held on _____ and decided that their names might be registered as Class I/Special Class (Civil) contractors for all Branches of Engineering Departments of the State Government.

2. The Chairman, Board of Chief Engineers Andhra Pradesh, Hyderabad accordingly register the name of the following contractors as Class I/Special Class (Civil) contractors qualified to tender for works costing above and up to Rs. _____.
In terms of the rules prescribed and subject to the conditions stipulated:

Sl. No.	Name and Address of the Contractor
---------	------------------------------------

- 1)
- 2)
- 3)
- 4)
- 5)

3. The Managing Partner/Partners of the firms, if any, which are now registered as Special Class (Civil) Contractors shall intimate the changes in the partnership deed, if any and produce fresh Solvency certificate in the name of the substituting partners. Failure to notify the changes to the registering authority within one month of such change will entail the firm to forfeit registration and further the firms will be debarred from tendering for works.

4. The registration will be valid up to 5 years from the date of registration. The registering authority reserves the right to cancel or demote without notice and without assigning any reasons.

5. Application for renewal of registration after 5 years, if desired, should be submitted to this office before one month from the date of expiry of validity of registration.

ANNEXURE – VII (a)

(Enclosure to G.O.Ms.No.94,I & CAD(PW:COD)Dept, dated.01.07.2003)

CASE: (i) Where contractor himself desires that his name may be removed.

TO:

REMOVAL FROM THE APPROVED LIST

Dear Sir (s)

1. As desired by you, your name is removed from the approved list of contractors of this command/area/Division/Circle/Unit/Project.
2. Action to release your security deposit/sending security bound amount is in hand.

Yours faithfully,

Copy to all concerned.

ANNEXURE – VII (b)

(Enclosure to G.O.Ms.No.94,I & CAD(PW:COD)Dept, dated.01.07.2003)

CASE: (ii) Where contractor fails to submit valid income tax clearance certificate.

TO:

REMOVAL FROM THE APPROVED LIST

Reference: This office letter No.

As you have failed to furnish a valid Income Tax Clearance certificate in spite of the notices issued to you under this office letter (s) quoted under reference, your name is hereby removed from the approved list of this Division/Circle/Unit/Project.

2. Action to release your security deposit/sending security bond amount is in hand.

Yours faithfully,

Copy to all concerned.

ANNEXURE – VII (c)

(Enclosure to G.O.Ms.No.94,I & CAD(PW:COD)Dept, dated.01.07.2003)

CASE: (iii) For any other reason mentioned in the standardized code.

TO:

REMOVAL FROM THE APPROVED LIST

Dear Sir (s)

Your name is hereby removed from the list of approved contractors of this Division/Circle/ Unit/Project.

Yours faithfully,

Copy to all concerned.