

TAMIL NADU WATER SUPPLY AND DRAINAGE BOARD



ABSTRACT

TWAD BOARD - CWSS TO 222 HABITATIONS IN VEDARANYAM UNION, 114 HABITATIONS IN MUTHUPETTAI UNION, THIRUVARUR MUNICIPALITY, THIRUTHURAIPOONDI MUNICIPALITY, MUTHUPET UTP, THALAINAYAR RTP, VEDARANYAM UTP AND BULK PROVISION TO 306 OTHER WAYSIDE HABITATIONS INCLUDING MAINTENANCE FOR A PERIOD OF ONE YEAR - TENDER PROPOSALS ON TURNKEY BASIS - APPROVAL ACCORDED - ORDERS ISSUED

(Contract Management Wing)

B.P.Ms.No. 186

Dated : 18.09.2000

Read :

Board's Resolution No. 3.2 dated 13.09.2000

Order :

The Government of Tamilnadu in G.O.Ms.No. 315/ Rural Development Department/ Dated 28.10.1997, have accorded administrative sanction for an amount of Rs. 98.75 crores for providing CWSS to 222 habitations in Vedaranyam Union, 88 habitations in Muthupettai union, Vedaranyam UTP, Thalainayar RTP, Thiruthuraiipoondi Municipality and 203 wayside habitations in Thanjavur and Nagapattinam Districts.

2. Based on the outline proposal, tenders were invited by the Superintending Engineer, TWAD Board, Project Circle, Mannargudi for the above work on turnkey basis. In response to the tender call, tenders were received from two firms, viz (i) M/s. Larsen & Toubro Ltd., Chennai and (ii) M/s. Subash Projects & Marketing Ltd., Bangalore. Among the two tenderers, M/s. Larsen & Toubro Ltd., Chennai had offered their tender for a lower value of Rs. 145.00 crores, which after negotiations was brought down to Rs. 118 crores. The tender proposal was placed before the Tender Committee at its meeting held on 17.2.1999. As directed by the Tender Committee, further negotiations were held with lowest tenderer M/s. Larsen & Toubro Ltd., and the firm agreed to bring down the value of their tender to Rs. 113.50 crores. The matter was placed before the Board at its meeting held on 19.02.1999 and 28.04.1999. The Board finally in its Resolution No. 3.2 dated 28.04.1999, resolved to reject the tenders. The Board also authorised the Managing Director to invite tenders

by splitting up the work into different convenient slices and by fixing the reasonable period for completion of works. The orders of the Board were communicated in Board's proceedings Ms. No. 46 dated 11.05.1999.

3. Thereafter, the scope of the proposal was modified by including more beneficiaries and the Government in G.O.Ms.No. 11/ MA & WS (WS II) Department/ dated 28.01.2000, have accorded revised administrative approval based on the revised proposal for providing CWSS to 222 habitations in Vedaranyam Union, 114 habitations in Muthupettai Union, Thiruvavarur Municipality, Thiruthuraipoondi Municipality, Muthupet UTP, Thalainayar RTP, Vedaranyam UTP and bulk provision to 306 other wayside habitations for an amount of Rs. 133.05 crores.

4. Based on the revised administrative approval, detailed estimates for various components were technically sanctioned by the Chief Engineer, TWAD Board, Eastern Region, Thanjavur for an amount of Rs. 133.05 crores and registered as CE/ ER/ TNJ/ 55/ 99/ 2000/ dated 03.02.2000.

5. The Chief Engineer, TWAD Board, Eastern Region, Thanjavur had invited tenders for the above work except "collector wells", on turnkey basis adopting two cover system vide chit tender notice no. 19165/ 98/ SDO I/ dated 04.01.2000, fixing the last date for receipt of tenders as 25.02.2000, subsequently extended to 30.03.2000. In response to the above tender call, eleven contractors/ firms had purchased the tender schedule, but tenders were received from the following four firms only.

1. M/s. Larsen & Toubro Ltd., Chennai
2. M/s. IVRCL Infrastructures & Projects Ltd., Hyderabad
3. M/s. Nagarjuna Construction Company Ltd., Hyderabad.
4. M/s. Patel - ASI RCC JV Co., Mumbai.

6. The technical bids of the above four firms were opened by the Chief Engineer, TWAD Board, Eastern Region, Thanjavur on 30.03.2000. The Chief Engineer had stated that a Telegram from M/s. Gammon India Ltd., Mumbai who has purchased tender documents for the work was received at 8.30 PM stating that their representative with tender documents was kidnapped and hence they could not participate in the tender. On enquiry, the Superintendent of Police, Thanjavur has informed vide D.O.letter No.G2/ 13411/ 2000/ dated 4.4.2000 that the Police has registered the case in F.I.R. No.92/ dated 31.3.2000 in Thanjavur, Medical College Police station under I.P.C. Sections 147, 148, 342 and 365. The Superintendent of Police, Thanjavur finally informed vide letter No.109/ SP/ Camp/ TAN/ 2000/ dt.2.5.2000 that the investigation was over and that the complaint lodged by Complainant is totally false and fraudulent and investigation in the case was closed based on the findings that the complaint is "Mistake of fact". Hence four tenders received were processed further.

7. As per the directions contained in Board's proceedings Ms. No. 100 dated 03.05.2000, the proposals were placed before the Head Office Tender Evaluation Committee at its meeting held on 26.05.2000 for taking a decision on the pre qualification of the bidders for this work.

8. The Evaluation Committee took note of the details explained with regard to the telegram received from M/s. Gammon India Ltd., Mumbai on their inability to participate in the tender, consequent filing of FIR by the police on a complaint lodged by M/s. Gammon India Ltd. and the final disposal of the complaint by the police as "Mistake of fact".

The Committee after detailed discussion, decided that the offer of M/s. Nagarjuna Construction Company Ltd., Hyderabad may be rejected as the bid security furnished by the firm is not in the acceptable form.

After perusing the experience details of the various components of the works furnished by the bidders, the Committee decided to pre qualify the following two firms :

M/s. Larsen & Toubro Ltd., Chennai
M/s. IVRCL Infrastructures & Projects Ltd., Hyderabad

Regarding M/s. Patel - ASI RCC JV Co., Mumbai, the Committee observed that there is shortcoming in the joint venture agreement executed between M/s. Patel Engineering Ltd., Mumbai and ASI - RCC, Mumbai, in which clause 8 states "This agreement shall be governed by the law of Switzerland". Board's contracts are governed by the Indian Laws and as such the joint venture agreement is not acceptable.

Further, even though the certificate furnished by them indicate that the works executed abroad for Colorado State Water Supply Corporation in 1997 meets our requirements, the certificates are unauthenticated. The firm ought to have furnished the certificate in acceptable form.

Further, defects exist in the offer of this joint venture in regard to stipulations in clause 6 (iv) relating to transformer. The 1000 KVA Transformer, which is considered by this firm has not been commissioned as per certificate furnished by this Company. It is only letter dated 3.12.97 from the sub contractor to the Electrical Inspector to the Government about the supply of transformers and components. Only after the electrical inspector's certification, the transformer can be considered as commissioned.

The Committee therefore decided that the firm M/s. Patel - ASI RCC JV Co., Mumbai need not be pre qualified.

The Committee decided that the price bids of M/s. Larsen & Toubro Ltd., Chennai and M/s. IVRCL Infrastructures & Projects Ltd., Hyderabad may be opened and processed further.

9. The firm M/s. Patel - ASI RCC JV Co., Mumbai had filed a writ petition in W.P.No. 8885/ 2000/ dated 31.05.2000 in the Hon'ble High Court, Chennai challenging the decision of the Evaluation Committee and the Hon'ble High Court was pleased to issue an interim injunction for a period of ten days. The Board had

appointed the Additional Government Pleader (Special), High Court, Chennai and prayed for setting aside the stay order granted by the Hon'ble High Court. After hearing the case, the Hon'ble High Court, on 23.08.2000, was pleased to dismiss the petition filed by M/s. Patel – ASI RCC JC Co., Mumbai with a cost of Rs. 15,000. The Special Government Pleader (MA&WS), High Court, Chennai vide his D.O.Letter W.P.No. 8885/ 2000/ KRT/ SGP/ dated 23.08.2000, while informing the dismissal of the writ petition, suggested that the price bids may be opened at the earliest.

10. After the dismissal of the writ petition filed by M/s. Patel – ASI RCC JV Co., Mumbai, as suggested by the Special Government Pleader, the price bids were opened on 24.08.2000 by the Chief Engineer, TWAD Board, Eastern Region, Thanjavur.

11. The Chief Engineer had made certain changes in quantities, specifications, deletions etc in the price bid and compared the value of the tenders offered by the tenderers. Among the two tenderers, M/s. IVRCL Infrastructures & Projects Ltd., Hyderabad have offered their tender for a lower value of Rs. 101,88,96,025/- at (+) 3.43 % excess over the departmental value Rs. 98,51,11,206/-.

12. The Chief Engineer, TWAD Board, Eastern Region, Thanjavur has recommended the lowest tender of M/s. IVRCL Infrastructures & Projects Ltd., Hyderabad at (+) 3.43 % excess over the departmental value for consideration after negotiation at head office. The Chief Engineer has also requested to obtain necessary concurrence of the lowest tenderer for the changes in quantities, specifications, deletions etc. The Chief Engineer has further stated that the excess percentage tendered by the lowest tenderer seems to be reasonable since the tenders have been compared adopting the rates of 1999 – 2000.

13. Negotiations were held with the lowest tenderer, M/s. IVRCL Projects & Infrastructures Ltd., Hyderabad. In response to this, the firm vide their letter dated 12.09.2000, have stated that there is no room for reduction in their price for the reasons that (i) their prices were offered six months ago and in between there are considerable increase in prices of materials such as cement and steel and (ii) this project has to pass through two budgets. Taking this into consideration, the position of the lowest tender based on the comparative statement furnished by the Chief Engineer, TWAD Board, Eastern Region, Thanjavur, would be as under :

Departmental value	: Rs. 98,51,11,206/-
Value of the lowest tender offered by M/s. IVRCL Infrastructures & Projects Ltd., Hyderabad, after discount as per comparative statement furnished by the CE/ ER/ TWAD/ Thanjavur	: Rs. 101,88,96,025/-
Excess over the departmental value	: Rs. 3,37,84,819/-
Excess percentage	: (+) 3.43 %

14. The tender proposal was placed before the Tender Committee at its meeting held on 12.09.2000. The Tender Committee, after detailed discussions, took note of the facts that (i) the tender process had already been delayed considerably because of the writ petition filed by one of the disqualified tenderers and there was an urgency to open the price bids and processed expeditiously on the dismissal of the writ petition in order to avoid any further litigation and (ii) the lowest tenderer has concurred to withdraw their request with regard to payment and other conditions, and resolved to recommend the lowest tender offered by M/s. IVRCL Infrastructures & Projects Ltd., Hyderabad for a value of Rs. 101,88,96,025/- at (+) 3.43 % excess over the departmental value of Rs. 98,51,11,206/- for the above work, as this value is reasonable in view of the following reasons :

- ◆ The percentage excess of the value of the lowest tender is worked out compared to the departmental value based on 1999-2000 schedule of rates, which when compared to the current schedule of rates, results in minus percentage
- ◆ Compared to the first tender call, the value of lowest tender received in the present call is on the lower side in spite of the fact that the scope of the project has been enlarged
- ◆ The projects has to be implemented over a period of 27 months and for the entire period, the rates quoted remains constant as no price escalation clause has been included in the bid conditions.
- ◆ The execution of the project has to pass through three financial years and the consequent changes in the price, taxes, duties etc in view of the budgets will not have any adverse effect over the cost of the project, as the price remains constant.

The Tender Committee, further observed that the Board, while considering the tender proposal of the first call during 04/1999, which was based on outline proposal, had authorised the Managing Director to invite tenders for this work by splitting up the work into different convenient slices and by fixing reasonable period for completion of works. However, the scope of the project has been enlarged and the tender has been invited as a single package in line with the present procedure of inviting tenders on turnkey basis. Further, as a sizeable quantum of work is to be executed in the beneficiaries proposed under Golden Jubilee Programme, tenders have been invited after technical clearance by the Regional Technical Committee pending administrative approval in order to save time. However, the tenders were opened after administrative approval was obtained. In view of these, the Tender Committee recommended to the Board that the action in having invited tenders for the entire scheme as a single package and the action in having invited tenders pending administrative approval may be ratified.

The Tender Committee also recommended to the Board, that since the cost of tender schedule was fixed on the higher side in view of the voluminous work involved in preparation of bid documents, the action in having fixed higher value towards the cost of bid documents may be ratified.

15. The matter was placed before the Board at its meeting held on 13.09.2000. The Board, after careful consideration, took note of the facts that

- ◆ the tender process had already been delayed considerably because of the writ petition filed by one of the disqualified tenderers and there was an urgency to open the price bids and process expeditiously on the dismissal of the writ petition in order to avoid any further litigations and
- ◆ the lowest tenderer has concurred to withdraw their request with regard to payment and other conditions,

and resolved in its Resolution no. 3.2 dated 13.09.2000, to accept the recommendation of the Tender Committee and approve the lowest tender offered by M/s. IVRCL Infrastructures & Projects Ltd., Hyderabad for a value of Rs. 101,88,96,025/- at (+) 3.43 % excess over the departmental value of Rs. 98,51,11,206/- for the above work, as this value is reasonable in view of the following reasons :

- ◆ The percentage excess of the value of the lowest tender is worked out compared to the departmental value based on 1999-2000 schedule of rates, which when compared to the current schedule of rates, results in minus percentage
- ◆ Compared to the first tender call, the value of lowest tender received in the present call is on the lower side in spite of the fact that the scope of the project has been enlarged
- ◆ The projects has to be implemented over a period of 27 months and for the entire period, the rates quoted remains constant as no price escalation clause has been included in the bid conditions.
- ◆ The execution of the project has to pass through three financial years and the consequent changes in the price, taxes, duties etc in view of the budgets will not have any adverse effect over the cost of the project, as the price remains constant.

The Board took note of the facts that

- i. the Managing Director was authorised to invite tenders for this work by splitting up the work into different convenient slices and by fixing reasonable period for completion of works by the Board during 04/99
- ii. later on the scope of the project has been enlarged with a sizeable quantum of work to be executed in the beneficiaries proposed under Golden Jubilee Programme
- iii. this tender has been invited as a single package in line with the present procedure of inviting tenders on turnkey basis and

iv. this tender has been invited after technical clearance by the Regional Technical Committee pending administrative approval in order to save time and the tenders were opened after administrative approval was obtained

and resolved to ratify the action of the Chief Engineer in having invited tenders for the above work pending administrative approval

The Board also took note of the fact that since the cost of tender schedule was fixed on the higher side because of the voluminous work involved in preparation of bid documents and resolved to ratify the action of the Chief Engineer in having fixed higher value towards the cost of bid documents.

16. Accordingly, the Board after taking note of the facts that

- ◆ the tender process had already been delayed considerably because of the writ petition filed by one of the disqualified tenderers and there was an urgency to open the price bids and process expeditiously on the dismissal of the writ petition in order to avoid any further litigations and
- ◆ the lowest tenderer has concurred to withdraw their request with regard to payment and other conditions,

accords approval to the lowest tender offered by M/s. IVRCL Infrastructures & Projects Ltd., Hyderabad for a value of Rs. 101,88,96,025/- at (+) 3.43 % excess over the departmental value of Rs. 98,51,11,206/- for the above work, as this value is reasonable in view of the following reasons :

- ◆ The percentage excess of the value of the lowest tender is worked out compared to the departmental value based on 1999-2000 schedule of rates, which when compared to the current schedule of rates, results in minus percentage
- ◆ Compared to the first tender call, the value of lowest tender received in the present call is on the lower side in spite of the fact that the scope of the project has been enlarged
- ◆ The projects has to be implemented over a period of 27 months and for the entire period, the rates quoted remains constant as no price escalation clause has been included in the bid conditions.
- ◆ The execution of the project has to pass through three financial years and the consequent changes in the price, taxes, duties etc in view of the budgets will not have any adverse effect over the cost of the project, as the price remains constant.

Further, the Board, after taking note of the facts that

- ◆ the Managing Director was authorised to invite tenders for this work by splitting up the work into different convenient slices and by fixing reasonable period for completion of works by the Board during 04/99
- ◆ later on the scope of the project has been enlarged with a sizeable quantum of work to be executed in the beneficiaries proposed under Golden Jubilee Programme
- ◆ this tender has been invited as a single package in line with the present procedure of inviting tenders on turnkey basis and
- ◆ this tender has been invited after technical clearance by the Regional Technical Committee pending administrative approval in order to save time and the tenders were opened after administrative approval was obtained,

ratifies the action of the Chief Engineer in having invited tenders for the above work pending administrative approval

The Board also, after taking note of the fact that the cost of tender schedule was fixed on the higher side because of the voluminous work involved in preparation of bid documents, ratifies the action of the Chief Engineer in having fixed higher value towards the cost of bid documents.

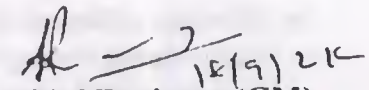
/ By Order of the Board /

A.M. Kasiviswanathan
Managing Director, TWAD Board

To

The Chief Engineer, TWAD Board, Eastern Region, Thanjavur
Copy to the Engineering Director, TWAD Board, Chepauk, Chennai – 600 005
Copy to the Finance Director, TWAD Board, Chepauk, Chennai – 600 005
Copy to the Superintending Engineer, TWAD Board, Project Division, Mannargudi
Copy to the Joint Chief Engineer (CM), TWAD Board, Chepauk, Chennai – 600 005
Copy to the RAO, TWAD Board, Chepauk, Chennai – 600 005
Copy to the Board Cell
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/ forwarded by order /


Joint Chief Engineer (CM)
TWAD Board, Chennai – 5

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