

GOVERNMENT OF ORISSA
FINANCE DEPARTMENT

No. WF-I(W)-16/2010 50394

OFFICE MEMORANDUM


Bhubaneswar, the 06.12.10

Sub: Procedure for acceptance of tenders for public works in cases where the tender premium exceeds 10%.

Procedure for acceptance of tenders for public works, in cases where the tender premium exceeds 10%, was prescribed in Finance Department's Office Memorandum No. WF-I-94/98-45319/F., dated October 29, 1998. As per the existing procedure, in case the estimated cost of the work exceeds ₹50.00 lakh or more and the tender value exceeds the estimated cost by 10% or more, prior concurrence of Finance Department is required for acceptance of the tender by the competent authority. During the past 12 years, the cost of materials as well as labour has increased manifold. Furthermore, para 6.3.15 of the OPWD Code Volume-1 has also been amended, vide letter No.8310, dated May 17, 2006 of the Works Department, enhancing the financial powers of the designated authorities for acceptance of tenders for public works. Keeping in view the current market price of materials and labour as well as the enhanced delegation of powers, it is considered necessary to revise the threshold financial limit, prescribed in the aforesaid office memorandum of the Finance Department, where prior concurrence of Finance Department is mandatory.

02. Since the State Government intends to ensure that public works are executed without time and cost overrun, it is necessary that decisions are taken on the tenders expeditiously within the time limits prescribed in the OPWD code. Accordingly, it is decided, after careful consideration, that henceforth the following procedure shall be followed by the competent authorities before accepting the tenders in case the tendered value of the work exceeds the estimated cost by 10% or more.

- (i) In respect of works costing ₹5.00 crore or more, as per the current Schedule of Rates (SoR), prior concurrence of Finance Department shall be obtained by the Administrative Department before awarding the contract. While recommending such cases to the Finance Department, the tender committee as well as the Administrative Department should exercise due diligence and record specific justification for accepting the proposal.
 - (ii) In respect of works costing above ₹1.00 crore but less than ₹5.00 crore, as per the current SoR, approval of the Administrative Department should be obtained by the tender accepting authority before awarding the contract.
 - (iii) In respect of works costing up to ₹1.00 crore, as per the current SoR, prior approval of the next higher authority should be obtained by the tender accepting authority before awarding the contract.
 - (iv) In case the estimate of the work was prepared on the basis of the old SoR, it should be revised on the basis of the current SoR for arriving at the notional revised estimated cost. The notional revised estimate should be compared with the tendered value in order to determine the tender premium and in case the tender premium exceeds 10%, the procedure mentioned above should be followed before awarding the contract.
03. These guidelines will be applicable to all works including the works under the externally aided projects. Earlier instructions issued in this regard stand modified accordingly.
04. These instructions shall come into force with immediate effect.


Principal Secretary to Government