

# VISAKHAPATNAM PORT TRUST

## MECHANICAL & ELECTRICAL ENGINEERING DEPARTMENT



## PROCUREMENT PROCEDURE MANUAL

2017

### SERVICES

**This manual is for internal circulation. While the procedures are to be followed scrupulously, this Manual cannot be cited in any legal proceedings against the Organization**

**Meeting No. 5 of 2016-17 of the Board of Trustees  
held on 18<sup>th</sup> March, 2017**

**AGENDA ITEM No. S - 21**

Sub : Procurement procedure Manual (Services) for M&EE  
Department – Reg.

**RESOLUTION No. 189 / 2016 – 17**

Board resolved to approve the Procurement Procedure (Services) Manual appended to the agenda for Mechanical & Engineering Department and to implement the same.

PROCUREMENT PROCEDURE MANUAL FOR  
MECHANICAL & ELECTRICAL ENGINEERING DEPARTMENT

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# CHAPTER - I

## **PREAMBLE**



## **PREAMBLE**

- 1.1 There are several stages involved, from initiation to completion, of any procurement function. All these stages are to be accomplished in a systematic manner, adhering to the rules and procedures applicable to the organization from time to time, the **goal being economy, efficiency and transparency**.
- 1.2 In a Government organization like Visakhapatnam Port Trust, where public money is involved in the procurement function, the procedures and guidelines are either issued by the Government, or the Board of Trustees, or the CHAIRMAN (Chief Executive) of the organization and the same are to be adhered to with accountability, by all those associated with the procurement function. The guidelines issued by the Central Vigilance Commission are also to be kept in view.
- 1.3 These procedures and guidelines, which are issued from time to time, are to be easily and readily accessible to all concerned for efficient handling of the procurement activity. A procedure manual in which these procedures and guidelines are written down in an orderly and systematic manner is intended to serve this purpose.
- 1.4 The Mechanical & Electrical Engineering Department of Visakhapatnam Port Trust is responsible for creation and maintenance of assets of Mechanical & Electrical Engineering nature from the inception of the port and the same is a continuous process in the developmental activity of the port. Every year it enters into several contracts involving several crores of rupees to meet the targets set under 'Plan', 'Non-plan' and 'Revenue' schemes.
- 1.5 A draft procurement manual by a consultant during the year 2007, which inter alia covers the procedures of procurement as in vogue at that time. However, to compile the latest procedures, it is proposed to bring out **"Procurement Procedure Manual-2017"** for **Mechanical & Electrical Engineering Department**.
- 1.6 To keep pace with the technological advancements, change in the requirements of the trade and to incorporate the latest guidelines from time to time, it is necessary that this manual is updated at appropriate intervals of time, as considered necessary by the Port administration.

In this regard a provision for manual amendment is incorporated and will be amended as and when necessary (changes in statutory requirements, CVC guidelines etc...) by constituting a suitable committee and obtaining the approval of competent authority.



## CHAPTER - II

### VISAKHAPATNAM PORT TRUST





## **CHAPTER II**

### **VISAKHAPATNAM PORT TRUST**

#### **2.1 INTRODUCTION:**

The Port of Visakhapatnam is one of the 12 major ports of the country, under the Ministry of Shipping. It is located on the East Coast, almost midway between Chennai and Kolkata, in the state of Andhra Pradesh, at latitude 17° 41' N and longitude 83° 18' E. It is a Premier Port having glorious record of handling the highest quantum of traffic, among major ports, consistently for four years. The quantum of traffic handled during the last three years is as under:

|         |          |
|---------|----------|
| 2013-14 | 58.50 MT |
| 2014-15 | 58.04 MT |
| 2015-16 | 57.03 MT |

With the protection afforded by high promontory into the sea known as “Dolphin’s Nose” and a low tidal range of 6ft. (1.82m), the location of the port is ideal.

It has 18 berths in the Inner Harbour with a water spread of 100 hectares and 6 berths in the Outer Harbour with a water spread of 200 hectares. The Inner Harbour can accommodate vessels up to 230m LOA with draft up to 14.50 m, while the Outer Harbour is capable of handling vessels up to 2,00,000 DWT having draft up to 18.10 m. Besides the above two Harbours, the port has a Fisheries Harbour to accommodate fishing trawlers/boats.

The port has a network of roads, railway lines to cater to inter-modal transport for movement of cargo to and from the hinterland.

The Port handles a variety of cargo, which includes, among others, Iron ore, thermal coal, steam coal, coking coal, POL, fertilizers, containerized cargo etc. The port has adequate open and covered storage areas for storage of cargo.

The port has to its credit ISO:9001, ISO:14001 and OSHAS:18001 international accreditation certificates.

#### **2.2 BRIEF HISTORY:**

##### **2.2.1 The Beginning (Inner Harbour)**

The port was opened to ocean going vessels on the 7th October 1933 with the arrival of sea-going vessel S.S. ‘JALADURGA’ of M/s Scindia into the harbour.

The history of the Port dates back to many centuries prior to 1933. Prior to 1933, Visakhapatnam was a ‘MINOR PORT’ and ships were anchored in the open roads-head, cargo being transported in small ‘MASULA BOATS’. It had maritime trade relations with the Middle East and Rome.

After the first world- war, the proposal of Col. H. Cartwright Reid for construction of Port at the mouth of river Meghadrigedda was finally adopted in 1922. Subsequently, during the period of Mr. W.C. Ash, the remaining work was done. The Port was constructed between 1927 and 1933 with 3 Berths EQ-1, EQ-2 and EQ-3 of total length of 1600 ft. and commissioned on 19.12.1933. The permissible draft for ships to enter into the Harbour at that time was 28’6” (8.69 m) only.

The Port was mainly a mono cargo Port i.e., only ‘MINERAL ORES’ were being exported through the Port initially. The planned development of the Port started with the commencement of Country’s ‘Five Year Plans’ as under:

- Jetty Berths J1, J2 and J3 in northern arm were commissioned in 1951. (These were subsequently converted into regular berths WQ-1, WQ-2 and WQ-3)
- Berth EQ-4 in northern arm was commissioned in 1955.
- Oil Berths OR-1 and OR-2 in western arm were commissioned in 1957.
- Mechanized Ore Handling Plant and berths WOB-1 (WQ-4) and WOB-2 (WQ-5) in northern arm for shipment of 'IRON ORE' to Japan, upon a long term agreement between Government of India and Japan were commissioned in the year 1965.
- Fertilizer Berth in western arm to handle ships bringing raw materials to Coromandel Fertilizers Ltd., was commissioned in the year 1967.
- General Cargo Berths EQ-5 and EQ-6 in northern arm were commissioned in 1966 and in 1968 respectively.

### **2.2.2 The Outer Harbour**

The major development activity during the plan periods especially during IV and V plan periods was the construction of the Outer Harbour to accommodate 100,000 DWT vessels and to load iron ore at a rate of 8,000 T per hour initially, to keep pace with the rapid technological change in shipping and ship-building industry all over the world and to reap the resultant economic gains in sea transportation.

The Outer Harbour to handle ships up to 1,00,000 DWT and draft 15.3 m (dredged depth – 16.50 m) 'ORE BERTH' (A Finger Jetty with berthing facility on both sides OB-1 and OB-2) and a 'MOORING BERTH' for tankers up to 1,15,000 DWT was commissioned on 8<sup>th</sup> December 1976. (This Ore Berth is capable of handling 2,00,000 DWT ships ultimately).

### **2.2.3 Subsequent Developments (with Internal Resources)**

- A General-cum-Cargo Berth (G.C.B.) in the Outer Harbour to handle vessels up to 1,00,000 DWT (draft 15.2 m) with dredged depth of 16.5 m was commissioned in March 1985.
- An Off-Shore Tanker Terminal (OSTT) in the Outer harbour to accommodate vessels of L.R. Class i.e., 1,50, 000 DWT in the first stage and lightered VLCCs of 2,00,000 DWT in due course is commissioned during December 1985.
- A Multi-purpose Berth EQ-7 in the Northern arm of Inner Harbour with permissible draft of 10.21 m was commissioned during July 1995.
- A Multi-purpose Berth of length 284 m in the Outer Harbour with a permissible draft of 15 m was commissioned during July 2000. (This Berth is now being operated by M/s. VCTPL as Container Terminal). This berth was further extended by 167m during 2001 making a single berth of 451 m for handling container cargo.
- An L.P.G. Berth with permissible draft of 13.0 m in the Outer Harbour was commissioned during August 2000.
- EQ-8 and EQ-9 in the Inner Harbour with permissible draft of 10.21 m (BOT operators M/s. Vizag Sea Ports Ltd.) was commissioned during July 2004.
- Single Point Mooring facility for handling of crude VLCC vessels unloading was commissioned during 2012 developed by M/s HPCL.
- The Outer Harbour basin and Outer approach channel were deepened for handling 2.00 lakh DWT CAPE size vessels at GCB berths in Outer Harbour was completed during 2014.

- Development of West Quay North berth (WQ-7 & WQ-8) at Northern arm extension for a length of 560m for handling 14m draft vessels, in the Inner Harbour.

## **2.2.4 Development under PPP Mode**

In terms of the Ministry guidelines the following facilities are provided under PPP mode which are under different stages of completion.

- (i) The GCB in Outer Harbour was strengthened and commissioned during 2013 to accommodate 2.00 Lakh DWT CAPE size vessels by the BOT Operator M/s. Vizag General Cargo Berth Pvt. Ltd, after completion of dredging at Outer approach channel and OHTC.
- (ii) Reconstruction of EQ-1 and part of EQ-2 berth for a length of 280m for accommodating 14 meters draft vessels through M/s. Adani Vizag Coal Terminal Pvt. Ltd.
- (iii) Development of EQ-1A berth on South side of EQ-1 berth for a length of 280m by M/s. SEW Vizag Coal Terminal (P) Ltd. (in progress)
- (iv) Development of WQ-6 berth of length 255m by M/s. West quay Multi Port limited.
- (v) Development of EQ-10 of 120.90m by M/s. AVR Infra Pvt. Ltd.
- (vi) Mechanization of EQ-7 berth by M/s. ABG Agri Port Pvt. Ltd, for Fertilizer handling facility and subsequently cancelled.
- (vii) OHC Mechanization by M/s. ESSAR Vizag Terminal Ltd.:  
Phase-I: Up gradation of existing facility at OB-1 and OB-2 berths.  
Phase-II: Creation of new facility to upgrade the WQ-1 berth.
- (viii) In view of Trade requirement, extension of existing container terminal in continuation to existing facility to accommodate a capacity of 0.54 TEUs. (The work was awarded to M/s VCTPL)
- (ix) The Phase – III dredging work: For handling 14.5m draft vessels in the Inner Harbour.
- (x) Construction of EQ-2 to EQ-5 Berths (under progress)

## **2.2.5 New Projects Proposed**

- (i) OR-I & OR-II Augmentation
- (ii) EQ-3 & EQ-5 Augmentation

## **2.3 PORT GOVERNANCE:**

The port was under the administrative control of several organizations, as under, before it became a trust since 29-2-1964 under MPT Act 1963.

- (i) Under the control of the Railway Board, during the period of Construction 1926-35.
- (ii) Under the Commerce Department 1935-37.
- (iii) Under Communications Department 1937-42.
- (iv) War Transport Department 1942-44.
- (v) War Department (Defence) 1944-46.
- (vi) B.N. Railway 1946-56.
- (vii) Ministry of Transport 1956-64.
- (viii) Now under “MOST”.

## **2.4 DISTINCT ADVANTAGES OF OUR PORT :**

- Tranquil deep water berths to handle CAPE, SUEZ MAX size vessels and VLCC's
- Economic stevedoring costs
- Responsive and transparent administration
- User Friendly attitude
- Dedicated facilities for bulk cargo handling
- Excellent rail-road connectivity ensuring faster transportation of cargo to the service area.
- Pragmatic and constructive approach of Trade unions.
- Harmonious industrial relations.
- Excellent communication facilities.
- Availability of open/covered storage.
- Ambitious expansion plans with emphasis on modernization.
- Natural positional advantage for trading with countries like Bangladesh, Myanmar, South East Asia and far East and West coast of USA and Canada.
- Can fulfill the role of Nodal Port on East coast by acting as a distribution Centre to other ports on east Coast.
- Quality service at optimum cost.

## **2.5PORT FACILITIES, BERTHS,**

### **2.5.1 BERTHS**

| Description             | Inner Harbour | Outer Harbour |
|-------------------------|---------------|---------------|
| No. of alongside berths | 18            | 6             |

### **2.5.2 PERMISSIBLE VESSEL DIMENSIONS**

| Description   | LOA   |        | BEAM  | DWT                 |
|---------------|-------|--------|---|---------------------|
| Inner Harbour | 230 m | 32.5 m | 14 m<br>(on rising tide of 0.94/0.85 mtrs.) | Lightened<br>85,000 |
| Outer Harbour | 300 m | 50 m   | 18.10 m<br>(on rising tide of 0.5 mtrs)     | 2,00,000            |

### **2.5.3 NIGHT NAVIGATION FACILITIES**

| Description      | Inner Harbour*   | Outer Harbour   |
|------------------|--|---|
| Inward movement  | Round the clock navigation exists for ships up to 230 m LOA, 32.5 m beam and 14.0 m draft with 0.94/0.85m tide except tanker carrying liquid ammonia | Round the clock navigation exists for vessels calling at Ore berth, GCB, Container Terminal, LPG Jetty and OSTT |
| Outward movement | Round the clock navigation exists for ships of 230 m LOA, 32.5 m beam and 14.0 m draft (rising tide of 0.91 m)                                       | Round the clock navigation exists for all berths  |

## 2.5.4 DETAILS OF BERTHS

### A. INNER HARBOUR -NORTHERN ARM EAST SIDE

| Name of the Berth  | Berth length<br>(In Mtrs.) | Permissible beam<br>(inMtrs.) | Permissible draft<br>(In Mtrs.) | Dredged depth<br>(In Mtrs.)               | Crane deployment  |
|--------------------|----------------------------|-------------------------------|---------------------------------|---|---|
| East Quay-1*       | 280.00                     | 32.5                          | 14.00                           | -16.10                                    | HMC – 2Nos.- 1600 TPH                                     |
| East Quay-1A*      | 280.00                     | 32.5                          | 14.00                           | -16.10                                    | Wharf cranes – 2Nos. to be deployed (work is in progress) |
| East Quay-2 (Part) | 55.28                      | 32.2                          | 10.06                           | -10.70                                    | 5 Nos. 15 Twharf cranes<br>(Gauge 5.79 m)                 |
| East Quay-3        | 167.64                     | 32.2                          | 10.06                           | -10.70                                    |   |
| East Quay-4        | 231.00                     | 32.2                          | 10.36                           | -10.70                                    |   |
| East Quay-5        | 167.64                     | 32.5                          | 11.00                           | -12.10                                    |   |
| East Quay-6        | 182.90                     | 32.5                          | 11.00                           | -12.10                                    | (Gauge 5.79/10.00 m)                                      |
| East Quay-7        | 255.00                     | 32.5                          | 13.00                           | -14.50                                    | 4 Nos. 20 T. wharf cranes #<br>(Gauge 5.79/10.00 m)       |
| East Quay-8*       | 255.00                     | 32.5                          | 14.00                           | -16.10                                    | 3 Nos. 104 T. Harbour<br>Mobile Cranes of BOT<br>Operator |
| East Quay-9*       | 255.00                     | 32.5                          | 14.00                           | -16.10                                    |   |
| East Quay-10*      | 120.90                     | 32.5                          | 10.50                           | -11.80<br>(design dredge<br>depth –16.10) | Manifolds for liquid cargo<br>(work in progress)          |

# Cranes at EQ-5 and EQ-7 berths will also be deployed at EQ-6 berth as and when required.

\*Awarded to BOT Operators

- EQ 1 : Adani Vizag Coal Terminal Pvt.Ltd.
- EQ 1A : SEW Vizag Coal Terminal Pvt.Ltd.
- EQ 8 & 9 : M/s Vizag Sea Ports Pvt.Ltd.
- EQ 10 : M/s AVR Infra Pvt. Ltd.

### B. INNER HARBOUR - NORTHERN ARM - WEST SIDE

| Name of the Berth | Berth length<br>(In mtrs) | Permissible beam<br>(inMtrs.) | Permissible draft<br>(In Mtrs.) | Dredged depth<br>(In Mtrs.)           | Remarks             |
|-------------------|---------------------------|-------------------------------|---------------------------------|---------------------------------------|---------------------|
| West Quay-1       | 212.00                    | 32.5                          | 13.00                           | -14.50                                |                     |
| West Quay-2       | 226.70                    | 32.5                          | 13.00                           | -14.50                                |                     |
| West Quay-3       | 201.12                    | 32.5                          | 13.00                           | -14.50                                |                     |
| West Quay-4       | 243.00                    | 32.5                          | 11.00                           | -12.10                                |                     |
| West Quay-5       | 241.70                    | 32.5                          | 11.00                           | -12.10                                |                     |
| West Quay-6*      | 255.00                    | 32.5                          | 13.00                           | -15.00(design dredge<br>depth –16.10) | Work in<br>Progress |
| RE WQ-1           | 170.00                    | 32.5                          | 10.00                           | -12.00                                |                     |

### C. INNER HARBOUR - WESTERN ARM

|                     |        |      |                       |        |
|---------------------|--------|------|-----------------------|--------|
| FERTILISER<br>BERTH | 173.13 | 32.5 | 10.06<br>(under tide) | -10.70 |
| OR – I              | 183.00 | 32.5 | 10.06<br>(under tide) | -10.06 |
| OR – II             | 183.00 | 32.5 | 9.75                  | -9.75  |

## A. OUTER HARBOUR

| Name of the Berth                                   | Berth length<br>(In mtrs) | Permissible<br>beam(in Mtrs.) | Permissible draft<br>(In Mtrs.)       | Dredged<br>depth |
|---|---------------------------|-------------------------------|---------------------------------------|------------------|
| ORE BERTH-1   | 270.00                    | 48.00                         | 16.50(On Rising Tide Of<br>0.3 Mtrs.) | -18.20           |
| ORE BERTH-2   | 270.00                    | 48.00                         | 16.50                                 | -18.20           |
| GENERAL<br>CARGO BERTH                              | 356.00                    | 48.00                         | 18.10(On Rising Tide Of<br>0.5 Mtrs.) | -20.00           |
| OFF SHORE<br>TANKER TERMINAL                        | 408.00                    | 50.00/<br>48.00               | 17.00(On Rising Tide Of<br>0.5 Mtrs.) | -19.00           |
| LPG BERTH   | 370.92                    | 42.00                         | 14 .0                                 | -16.00           |
| CONTAINER<br>TERMINAL<br>(Operated by<br>M/s.VCTPL) | 451.00                    | 42.00                         | 14.50                                 | -16.50           |

\*Awarded to BOT Operators

WQ 6 : West Quay Multi Port Pvt. Ltd.2

| NAME OF THE<br>CARGO  | DETAILS OF MECHANISED FACILITIES   |
|---|--|
|   | ➤  |
| Alumina   | <ul style="list-style-type: none"> <li>➤ Ship loader with a capacity of 2200 T/hour and three sylos (owned, operated and maintained by M/s NALCO)</li> <li>➤ Mechanized wagon unloading system to unload Alumina from wagons @ 1100 TPH</li> </ul> |
| Crude Oil   | ➤ Three unloading arms with discharge capacity of 5500 tonnes per hour   |
| Transshipment of<br>crude oil   | ➤ Direct discharge from ship to ship at one of the oil moorings  |
| Fertilizer and<br>Fertilizer raw<br>material  | ➤ Screw type Marine un-loader of 400 TPH (owned, operated and maintained by M/s CFL)   |
| Import and Export of<br>Petroleum product   | ➤ Two oil berths equipped with pipeline facilities connecting the storage tanks of the refinery  |
| Caustic soda  | ➤ Direct discharge through pipeline @ 600 TPH in case of caustic soda and three sylos of 10000 T capacity each   |
| Liquid Ammonia and<br>Phosphoric Acid,<br>Sulphuric Acid,<br>Styrene Monomar,<br>Molten Sulphur, etc. | ➤ Direct discharge facilities through pipeline   |
| Soya extracts   | ➤ Four sets of conveyor of 100 TPH capacity each and Mini dozers   |
| At BOT berths   | ➤ 2 Nos. 100T Harbour Mobile Cranes  |
| At WQ berths  | ➤ 3 Nos. 100T Harbour Mobile Cranes  |
| At EQ berths  | ➤ 1 No. 100 T Harbour Mobile Crane   |

## 2.5.5 LIQUID BULK HANDLING FACILITIES:

| Berth                                | Cargo Type            | Pipeline Details | Dia (in mm) | Distance to tank farms (in Kms.) |
|--------------------------------------|-----------------------|------------------|-------------|----------------------------------|
|                                      |                       | Dia (in inches)  |             |                                  |
| OSTT                                 | CRUDE (HPCL)          | 36               | 900         | 9.2                              |
| LPG                                  | LPG (HPCL)            | 14               | 350         | 7.8                              |
|                                      | HSD (HPCL)            | 24               | 600         | 7.8                              |
|                                      | HSD (IOCL)            | 24               | 600         | 7.2                              |
| OR-1&OR-2                            | LAN (HPCL)            | 14               | 350         | 3.5                              |
|                                      | SKO (HPCL)            | 14               | 350         | 3.5                              |
|                                      | HSD (HPCL)            | 14               | 350         | 3.5                              |
|                                      | ATF (HPCL)            | 8                | 200         | 3.5                              |
|                                      | MS (HPCL)             | 12               | 300         | 3.5                              |
|                                      | KGB ADDL. LINE (HPCL) | 8                | 200         |                                  |
|                                      | BALLAST(WATER) (HPCL) | 10               | 250         |                                  |
|                                      | BALLAST(SLOPS) (HPCL) | 12               | 300         |                                  |
|                                      | LSHSD (IOCL)          | 8                | 200         | 3.2                              |
|                                      | HSD (IOCL)            | 24               | 600         | 3.2                              |
|                                      | FO (IOCL)             | 14               | 350         | 3.2                              |
|                                      | FO (BPCL)             | 14               | 350         | 4.5                              |
|                                      | HSD (BPCL)            | 16               | 400         | 4.5                              |
|                                      | MS (BPCL)             | 14               | 350         | 4.5                              |
|                                      | A&B CHEMICALS (EIPL)  | 14               | 350         | 4.65                             |
|                                      | FO (EIPL)             | 12               | 300         | 4.65                             |
| BUNKER JETTY                         | FO (HPCL)             | 12               | 300         | 3.5                              |
|                                      | LDO (HPCL)            | 8                | 200         | 3.5                              |
| FERTILIZER BERTH (EQ-7 TO CFL PLANT) | LIQUID AMMONIA        | 16               | 400         | 4.35                             |
|                                      | MOLTEN SULPHUR        | 8                | 200         | 4.35                             |
| EQ-7 TO INDIAN MOLASSES CO.          | LIGHT OIL             | 8                | 200         | 1.03                             |
|                                      | HEAVY OIL             | 10               | 250         | 1.03                             |
|                                      | EDIBLE OIL            | 12               | 300         | 1.03                             |
|                                      | CORROSSIVE CHEMICALS  | 16               | 400         | 1.03                             |
| WQ-5 TO NALCO                        | CAUSTIC SODA          | 12               | 300         | 0.8                              |
| EQ-6 TO GFCL                         | PHOSPHORIC ACID       | 8                | 200         | 0.75                             |
|                                      | LIQUID AMMONIA        | 12               | 300         | 0.75                             |

## 2.5.6 STORAGE FACILITIES:

| SL. NO. | TYPE OF STORAGE                       | UNDER PORT (Area in sq.mtrs.) | UNDER USER AGENCIES                |
|---------|---------------------------------------|-------------------------------|------------------------------------|
| 1       | COVERED AREA                          |                               |                                    |
|         | A) TRANSIT SHEDS (4Nos.)              | 18722                         | --                                 |
|         | B) STORAGE SHEDS (8 Nos.)             | 31422                         | 538000 TONNES                      |
|         | C) WARE HOUSE (1No.)                  | 10482                         | 69000 TONNES                       |
|         | D) SYLOS                              | --                            | 77000 TONNES                       |
| 2       | OPEN AREA (All Bulk Cargo) (Iron Ore) | 1255638<br>297550             | 114,884 TONNES<br>&309356 SQ.MTRS. |
| 3       | LIQUID BULK CARGO (TANK FARMS) ETC.   | --                            | 1224266 TONNES<br>AND 121437 KL    |



## 2.5.7 PPP FACILITIES: (Operated by PPP Entrepreneurs)

| S.No. | Berth  | Equipment  |
|-------|--|--|
| 1.    | GCB<br>(Mechanization of coal handling facilities and up gradation of GCB) | 3 Nos of Grab unloaders of 40 MT Capacity with mobile hoppers<br>Conveyor system of length of 2.30 km<br>1 No. of stacker with 3000TPH, 1 No. of bucket wheel reclaimers with 3500 TPH,<br>1No. of stacker cum reclaimers with 3500 TPH and<br>1No. of wagon loader with 3500 TPH  |
| 2.    | EQ – 1<br>(Steam Coal)   | 2 Nos. of HMC (1600 TPH)<br>2 Nos. Stacker cum Bucket wheel Reclaimer (Stacker-3200TPH & Reclaimer 2500 TPH)<br>Belt Conveyor (3000TPH) of 2.1 Km. Length  |
| 3.    | EQ – 1A<br>(Thermal Coal and Steam Coal)                                   | 2 Nos. of ship loaders (1500 TPH)<br>1 No. Reclaimer (1500 TPH)<br>1 No. Reclaimer cum stacker (1500 TPH)<br>1No. Stacker 1500 TPH<br>Belt Conveyor (3000TPH) of 5.00 Km. Length   |
| 4.    | WQ- 6 (Dry bulk Cargo)   | 2 Nos. of Electrical wharf cranes  |
| 5.    | EQ-10<br>(liquid cargo)  | 6 Nos. of storage tanks of 14 m dia. and 20 m high<br>3 Nos. of Dock lines (1 No. 12" dia and 2 Nos. 10" dia.)   |
| 6.    | Visakha Container Terminal Private Ltd.                                    | <ul style="list-style-type: none"> <li>• Rail Mounted Quay Crane: 4</li> <li>• Rubber Tyred Gantry Crane: 6</li> <li>• Reach stackers: 4</li> <li>• 10 Ton Reach Stacker: 3</li> <li>• Forklift: 2</li> <li>• Internal transfer vehicles: 22</li> <li>• 3000 KVA backup generator</li> <li>• Reefer Points : 204</li> <li>• 60 MT Weighbridge</li> <li>• Rail Siding - 790 Meters</li> <li>• Channel depth- 21 Meters</li> <li>• 10T reach stackers - 2 Numbers</li> </ul> |
| 7.    | Vizag Sea Port Pvt. Ltd.   | <ul style="list-style-type: none"> <li>• Three Harbour Mobile Cranes</li> <li>• Two Railway sidings (58 Wagons each)</li> <li>• 3 Nos. Rail Weigh bridges within the Terminal of 100 Ton Capacity</li> <li>• 1 No. Road weigh bridge flat type within the Terminal of 80 Ton capacity</li> </ul>   |
| 8.    | ESSAR VIZAG TERMINALS LTD. (EVTL)  | <ul style="list-style-type: none"> <li>• 1 No. 100T cap. Twin Tippler 27 tips/hour</li> <li>• 1 No. 120T cap. Rotary Tippler 30 tips/hour</li> <li>• 2 Nos. stream Receiving Conveying system Network 2700 TPH each</li> <li>• 2 Nos. Stacker(s) 2700 TPH each</li> <li>• 3 Nos. Reclaimer(s) 4000 TPH each</li> <li>• 1 No. stream Shipping Conveying System Network 8000 TPH</li> <li>• 1 No. Ship-loader 8000 TPH.</li> </ul>   |

## CHAPTER - III

### **Mechanical & Electrical Engineering Department and its functions**



## CHAPTER III

### MECHANICAL & ELECTRICAL ENGINEERING DEPARTMENT AND ITS FUNCTIONS

#### **3.1 FUNCTIONS OF THE DEPARTMENT:**

The functions of this department are broadly as under:

- 3.1.1 Operation and maintenance of Electrical & Electronic equipment's like
  - i) Substations of various capacities.
  - ii) Lighting & Power distribution.
  - iii) A.C. & D.C. Drives to the Prime movers.
  - iv) PLC Controls.
  - v) Communication equipments.
- 3.1.2 Providing, maintaining and operating necessary cargo handling equipment such as Wharf Cranes, Mobile Cranes, Fork lifts etc. for moving cargo from ship to shore or vice-versa.
- 3.1.3 Providing, maintaining and operating Floating crafts for towing ships, for carrying crew from ship to shore and vice-versa, Dredgers for maintaining bottom depths, Floating cranes, Fire-floats ,Survey launch etc..
- 3.1.4 Operation and maintenance of Dry-docking facilities and maintenance of Fisheries Harbour facilities.
- 3.1.5 Providing Power Supply to Cargo Handling Equipment, Cargo Handling Areas, Residential and Non-residential buildings, street lighting and Power Supply to Port Users.
- 3.1.6 Operation and maintenance of fresh-water pump houses and sewage water treatment facilities.
- 3.1.7 Electrical works relating to Projects taken up by CME / C.E. Dept..
- 3.1.8 Electronic control of Cranes, Floating crafts, Conveyor, Lifts, Fire-fighting Equipment, VHF Communication, Security equipment (ISPS).
- 3.1.9 Providing Locos to handle rail-borne cargo.
- 3.1.10 Providing Motor Vehicles for transporting men and materials.
- 3.1.11 Installation and maintenance of Fire-fighting equipment etc. at O.S.T.T, L.P.G.Berth and O.R-I and O.R-II.
- 3.1.12 Operation & Maintenance of 10 MW Solar PV Plant at Visakhapatnam Airport area for Visakhapatnam Port Trust.
- 3.1.13 Providing and maintenance of 100T Electronic in-Motion Weigh Bridges
- 3.1.14 Providing and maintenance of 100 T Truck weigh bridges
- 3.1.15 Providing and maintenance of CCTV Cameras complete video surveillance system
- 3.1.16 Establishment of PMRTS (Public Mobile Radio Trunking System)
- 3.1.17 Providing of VHF Sets Base Stations & W/T sets

- 3.1.18 Installation of Radiological Detection Equipment at Port entry/exit points
- 3.1.19 Providing of Internal Subscriber Digital Network / Internal Protocol (ISDN/IP) AOB Digital Exchange.
- 3.1.20 Integration of AIS, Radar & VHF systems to interface data to POS (Port Operation Shipping)
- 3.1.21 Providing of Bathymetric/Hydrographic Survey System for Launch Nirmal& Dingy boat (Survey section)
- 3.1.22 Providing services and maintenance of Electronic systems in Tugs.

### **3.2 HEAD OF THE DEPARTMENT:**

**“Chief Mechanical Engineer (C.M.E.)”** is the Head of this Department.

### **3.3 DIVISION OF ACTIVITIES OF THE DEPARTMENT:**

Based on the nature of activities their location and administration, the department is composed of the following:

- 3.3.1** Mechanical/Electrical/Electronics/Communication – Headed by Dy.CME-I & Dy.CME-II
- 3.3.2** Marine Division (Floating Crafts, ORS & Dry Dock/FHDD) - Headed by SME
- 3.3.3** Material Management Division (MM) - Headed by MM respectively

The Organization structure may be seen at **Annexure 1**

### **3.4 KINDS OF MAJOR EQUIPMENT MAINTAINED IN THE DEPARTMENT:**

#### **3.4.1 Mechanical :**

- E.L.L. Wharf Cranes (15T, 20T)
- Mobile cranes
- Forklifts
- Front end loaders
- Other cargo handling equipment
- E.O.T. Cranes
- Motor Vehicles
- OSTT/LPG/OR-I&II
- Locomotives for Railway operations.
- Work shop machinery & equipment.

#### **3.4.2 Electrical :**

- Electrical Sub-station equipment (132 KV, 11KV, 3.3KV) viz. HT & LT panels, Indoor and Outdoor transformers, Overhead lines, UG Cables etc.
- Pumps and Motors (water supply, sewage pumping, fire-fighting, MDSS)
- Power supply to electrical cranes, industrial structures, buildings, Industrial area lighting, RB & NRB lighting & Power supply.
- Maintenance of Power supply, street lighting to the Housing colonies
- Maintenance of ACs & Water coolers
- Operation & Maintenance of Kalavani & Indoor stadium AC Plants
- Comprehensive Maintenance contract of LIFTS

- Manning of Sports complex and GJ Hospital Sub-stations
- Electrical Maintenance of Floating crafts i.e. Tugs, Launches, Floating Cranes, Pilot Launches, Mooring Lunches etc.
- Electrical Maintenance of LPG, OSTT, OR-I&II
- Electrical Maintenance of Gen-sets of various capacities.
- Monitoring of APEPDCL HT/LT Service connections including payment of electricity bills
- 4. Monitoring of Electricity bills of Port users & Housing colonies.
- 10 MWp Solar PV Plant at Visakhapatnam Airport area
- 90 KWp Solar Plant at rooftop of D.C & M.F Office.
- 100 KWp Solar plant at rooftop of Golden Jubilee Hospital

### **3.4.3 Electronics :**

- 2 nos. 100T Electronic In-Motion Weigh Bridges
- 2 nos. 100 Tons cap Truck weigh bridges
- 24 nos. new CCTV Cameras for complete video surveillance system
- PMRTS(Public Mobile Radio Trunking) for port operations Traffic shipping, railways, environment and water supply
- VHF Sets Base Stations & W/T sets for the use of TM,CE,CISF & E/M section
- Radiological Detection Equipment at Port entry/exit points
- 1 NoDigital ISDN(Internal Subscriber Digital Network) / Internal Protocol communication system AOB Digital Exchange
- Integration of AIS, Radar & VHF systems to interface data to POS
- Bathymetric / Hydrographic Survey System Launch Nirmal & Dingy boat (Survey section)

### **3.4.3 Marine :**

- Floating Crafts such as Tugs (Voith propulsion, Rudder (Schouttle) propulsion) Dredgers (presently Grab dredger SagarDurga), Launches (pilot, mooring, V.I.P., service), Fire float, Barges (oil, water), Floating cranes and hydrographic survey launch (Nirmal).

## **3.5 HISTORY AND TECHNICAL DETAILS OF SOME IMPORTANT EQUIPMENT:**

### **3.5.1 INNER HARBOUR:**

#### **A) E.L.L. WHARF CRANES:**

- The total number of Wharf cranes in the Dock Area is 09, of which 5 numbers are of 15 T capacity and the remaining 4 are of 20 T capacity.
- The gauge of the 15 T capacity cranes is 19 ft. (5.79m) and that of 20 T cranes is 10.00 m.
- The suppliers of 20 T cranes is M/s Mukund,
- 4 nos. of 15 T cranes were supplied by M/S TRF and 1 no. supplied by M/S Jessop.
- Irrespective of the agency who supplied the cranes, certain accessories of these cranes such as 'Thyrister controlled drives", electronic devices (controlled by

‘programmable logic controls’ (PLCs)), etc. form modules and are manufactured by standard manufactures, the details which are available in the respective crane ‘manual’. These accessories in a module are compatible with each other and as such cannot be replaced by a substitute of other make from considerations of operational efficiency. As such it becomes necessary to replace such accessories by procuring from the original manufacturer of that component.

## **B) ELECTRICAL SUB-STATIONS:**

- To meet the power requirements, VPT have 10/16 MVA (132KV/11KV allocated by the power companies
  1. 90 KWp Solar plant at rooftop of D.C & M.F Office.
  2. 100 KWp Solar plant at rooftop of Golden Jubilee Hospital
  3. 10 MWp Solar PV Plant at Visakhapatnam Airport area

### **3.5.2 Floating Crafts**

1. 7 Nos. shipping tugs (5 tugs of 50 Ton Bollard Pull capacity & 2 tugs of 30 Ton Bollard pull capacity.
2. 1 No. Floating crane BHEEMA – 105 Ton lifting capacity at 24.38 Mtr. Working radius in bow position
3. 1 No. Floating crane “HANUMAN” – 50 Ton lifting capacity at 36 Mtr. Radius.
4. 1 No. Grab Hopper Dredger of 500 Cu. Mtr. Capacity fitted with 2 Nos. crane of 10 Tons at 9 Mtrs. Radius with 2.8 Cu. Mtr. Grab capacity.
5. 1 No. Grab Dredger fitted with 8 Ton capacity crane at 7.5 Mtr. Radius with 0.6 Cu. Mtr. Grab capacity
6. 4 Nos. pilot Launches (3 FRP & 1 Steel)
7. 4 Nos. Mooring boats
8. 1 No. Oil barge of 300 Ton capacity for HFHSD (Dumb Barge)
9. 1 No. Survey launch
10. 1 No. Fire Float for Firefighting purpose (IRS–AGNI–Class-I)
11. 2 Nos. Hired Tugs

## **3.6 Facilities at O.R.S. Dry Dock**

### **3.6.1 Dry Dock Dimensions**

|            |   |          |
|------------|---|----------|
| Length     | : | 140.20 M |
| Breadth    | : | 18.28 M. |
| Max. Draft | : | 5.60 M   |

- a) Dry dock can accommodate the vessels up to LOA 120 M, width 14 M and Max draft 5.00 M.
- b) Dry dock is having 1 no. METLANA Crane with 35’ radius up to 5 Ton and 75’ radius up to 4 Tons lifting capacity.
- c) Dry dock is provided with 2 Nos. main dewatering pumps and 1 No. flow more pump (seepage pump).
- d) Dewatering time for entire dry dock is 6 Hrs. approx.
- e) Dry dock is having Carpentry shed with the following equipments:

- (i) Vertical Band saw (Electrical) – 2 ½ blade
- (ii) Horizontal band saw – 2 ½ Blade
- (iii) Circular saw
- (iv) Planing machine – 12” width (Max)
- (v) Lathe machine – 6” dia (Max)
- (vi) Drilling Machine – 25 mm dia (Max)
- (vii) Fibre Matting facility for FRP launches, boards, roofing etc.
- (viii) Caulking facilities are also available for wooden boats.

### **3.6.2 LIST OF EQUIPMENTS AT DOCK YARD WORKSHOP**

| Sl.No | NAME OF MACHINERY/EQUIPMENT   | CAPACITY                                  | NUMBER AVAILABLE |
|-------|---|---|------------------|
| 1.    | Lodge & Shipley Lathe   | Model-3220, Sl.No.45569 (20 HP Motor)     | 1                |
| 2.    | Bombay Lathe (Mysore Kirloskar)   | Size: 121/2x12”, 12.5 HP Motor            | 1                |
| 3.    | Chain Testing Machine (Length of est 9.14 Mtrs width Inside of the bards 5.15 mm. | 100 Ton., Test: L-9.14M W-515 MM          | 1                |
| 4.    | H.M.T. Lathe  | Type Lt.20, Bed: 4” Length                | 1                |
| 5.    | M.B.D. (LATHE)  | Size 165 mm, Bed: 4”Length                | 1                |
| 6.    | Universal Milling Machine   | Model 10 M, 0.75/1 HP Motor               | 1                |
| 7.    | H.M.T. Lathe Machine  | Model NH26, 15HP Motor                    | 1                |
| 8.    | H.M.T. Precision Lathe  | Model NH26, 15HP Motor                    | 1                |
| 9.    | Sagar Shaping Machine   | SM-24, 24” Stroke, 3 HP Motor             | 1                |
| 10.   | Bombay Shaping Machine  | 24” stroke, 5 HP Motor                    | 1                |
| 11.   | Radial Drilling Machine (Hindustan)   | Model: HMS 1,40-1700 rpm                  | 1                |
| 12.   | Radial Drilling Machine   | Model: Carlton-197480, 19” 5HP Motor      | 1                |
| 13.   | Portage Horizontal Boring Machine   | Model:23, 7.5 HP Motor, 1500 rpm          | 1                |
| 14.   | Shear & Punching Machine  | Model: KBL (Mubca) Blade size:262x68x20MM | 1                |
| 15.   | Slotting Machine (Chopper Make)   | Model Hr.40, 12.5 HP Motor.               | 1                |
| 16.   | Hydraulic Press   | Model: C/6, 3 HP Motor                    | 1                |
| 17.   | Scott Plate Roller  | Up to 12 MM plate.                        | 1                |
| 18.   | Pedestal Grinder  | Size 10”11/2”, 1 HP Motor                 | 1                |



|     |  |                                     |    |
|-----|--|-------------------------------------|----|
| 19. | Hack Saw Machine                           | Model: PACKO, 3 HP Motor            | 1  |
| 20. | Kirloskar Air Compressor                   | Model: KH-251 Pressure: 100 PSI     | 1  |
| 21. | Diesel Generator                           | Type: BS-351 Kirloskar Engine 30 HP | 1  |
| 22. | Double ended Pedestal Grinder              | Sl.No.232, (2HP)                    |    |
| 23. | Wood Cutting Band Saw Machine              | 10ft.500/r, 7.5 HP)                 | 1  |
| 24. | Band Saw Brazing blower                    | Sl.No.39481                         | 1  |
| 25. | Band saw Machine Horizontal                | Sl.No.250 (15 HP)                   | 1  |
| 26. | Saw Machine Circular                       | Sl.No.24608 (15 HP)                 | 1  |
| 27. | Heavy Duty Electrical Sander               | --                                  | 2  |
| 28. | Sonex Polican Vertical Wood Boring Machine | Motor: 3 HP                         | 1  |
| 29. | SonexPolican Wood turning Lathe            | 0.75 KW/IHP                         | 1  |
| 30. | Flow more Pump                             | 40 Hp                               | 1  |
| 31. | Pick and carry Hydraulic Mobile Crane      | 10 Ton Cap.                         | 1  |
| 32. | METALNA CRANE (DRY DOCK)                   | 10 Ton.(de-rated to 4 Tons)         | 1  |
| 33. | Combi - Planer-S                           | 5HP 3 Phase 440V 1400 RPM           | 1  |
| 34. | Massey Pneumatic Power Hammer              | 5 CWT, 138 Pull bows per minute     | 1  |
| 35. | JESSOP CRANE                               | 10 Ton cap. (De-rated to 4 Tons)    | 1  |
| 36. | Welding Transformers with accessories      |                                     | 16 |

## CHAPTER - IV

### **Procurement needs of Mechanical & Electrical Engineering Department.**



## CHAPTER IV

### PROCUREMENT NEEDS OF MECHANICAL & ELECTRICAL ENGINEERING DEPARTMENT

#### 4.1 The following are the procurement needs of the Department:

1. Supply, erection, testing, and commissioning of cargo handling equipment and material handling equipment.
2. Supply, erection, testing, and commissioning of machinery/ equipment / components/spares of equipment / Flotilla.
3. Supply, erection, testing, and commissioning of Mobile Equipment such as Mobile Cranes, Fork Lift Trucks, Front End Loaders and Top lift carriers etc.
4. Procurement of 'Motor Vehicles' and spares thereof through M.M. Division.
5. Supply, testing, and commissioning, of floating crafts.
6. Supply, installation, testing, and commissioning, of Electrical and Electronic equipment / installations.
7. Supply, erection, commissioning of Electrical Lifts for passenger and materials.
8. Supply, erection and commissioning of Fire-fighting equipment.
9. Procurement of Locos and its spares through MM Division
10. Procurement of Machinery and their accessories (O.E.M./other than O.E.M.) for replacement or stocking purposes.
11. Hiring of Motor vehicles and Tugs.
12. Procurement of maintenance services (AMC) for ELL Wharf Cranes.
13. Procurement of Man power for Dry Dock etc.
14. Procurement of maintenance services (AMC) for Locos by Indian Railways.
15. Procurement of maintenance services (AMC) for Engines of Floating Crafts.
16. Procurement of maintenance services (AMC) for Fire Fighting equipment and Pumps of OSTT / LPG / OR-I&II.
17. Procurement of electrical maintenance services including lighting.
18. Procurement of mechanical maintenance services including materials.
19. Procurement of worker amenities, safety items, stationery items, spares, consumables, steel, components of equipment, etc., through MM Division.
20. Procurement of Maintenance / Repairs and Reconditioning of Electronic equipment.

#### 4.2 CONSULTANCY SERVICES :

(Expenditure from internal resources)

Consultancy services are needed for the following.

1. Construction of Mechanized systems / Modernization.
2. Other areas where the department either lacks in expertise or does not have the requisite manpower.

#### 4.3 P.P.P. MODE CONTRACTS:

(Investment and Project Implementation by the Concessionaire)

1. Water front structures and related infrastructure including Mechanized facilities like conveyors, bulk material handling equipment such as stacker, re-claimers, ship loaders, silos etc.
2. Other areas where private participation is considered advantageous.



# CHAPTER - V

## **PRINCIPLES OF PUBLIC BUYING**



## **CHAPTER V**

### **PRINCIPLES OF PUBLIC BUYING**

#### **5.1 STANDARDS OF FINANCIAL PROPRIETY:**

Every officer incurring or authorizing expenditure from public moneys should be guided by high standards of financial propriety. Every officer should also enforce financial order and strict economy and see that all financial rules and regulations are observed by his own office and by subordinate officers.

Among the principles on which emphasis is generally laid are the following: -

1. Every Officer is expected to exercise the same vigilance in respect of expenditure incurred from public money, as a person of ordinary prudence would exercise in respect of expenditure of his own money.
2. The expenditure should not be prima facie more than the occasion demands.
3. No authority should exercise its powers of sanctioning expenditure to pass an order, which will be directly, or indirectly to its own advantage.
4. Expenditure from public moneys should not be incurred for the benefit of a particular person or a section of the people, unless –
  - A) A claim for the amount could be enforced in a Court of Law, or
  - B) The expenditure is in pursuance of a recognized policy or custom.
5. The amount of allowances granted to meet expenditure of a particular type should be so regulated that the allowances are not on the whole a source of profit to the recipients.

#### **5.2 EXPENDITURE FROM PUBLIC FUNDS:**

No authority may incur any expenditure or enter into any liability involving expenditure or transfer of moneys for investment or deposit from Government account unless the same has been sanctioned by a competent authority.

#### **5.3 FUNDAMENTAL PRINCIPLES OF PUBLIC BUYING:**

Every authority Delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy, and transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement.

The procedure to be followed in making public procurement must conform to the following yardsticks: -



1. The specifications in terms of quality, type, etc., as also quantity of goods to be procured, should be clearly spelt out keeping in view the specific needs of the procuring organizations. The specifications so worked out should meet the basic needs of the organization without including superfluous and non-essential features, which may result in unwarranted expenditure. Care should be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs;
2. Offers should be invited following a fair, transparent and reasonable procedure;
3. The procuring authority should be satisfied that the selected offer adequately meets the requirement in all respects;
4. The procuring authority should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required;
5. At each stage of procurement the concerned procuring authority must place on record, in precise terms, the considerations, which weighed with it while taking the procurement decision.

# CHAPTER - VI

## DELEGATION OF POWERS



## CHAPTER – VI

### DELEGATION OF POWERS

#### **6.1 Major Port Trusts Act 1963 Provisions:**

The financial powers of the Board/Power for execution of works, contracts, power of Board to compound or compromise claims, writing off losses are covered under Sections 33, 34, 35, 36, 92, 93, 94, 95 and 96 of the Major Port Trusts Act, 1963. The relevant sections of the Act are as under:

##### **6.1.1 Section 33:**

Subject to provision of Section 34, a Board shall be competent to enter into and perform any contract necessary for the performance of its functions under this Act.

##### **6.1.2 Mode of Executing Contracts on behalf of Board Section 34 (1):**

- 1) Every Contract shall, on behalf of a Board be made by the Chairman or by any Such Officer of the Board not below the rank of the Head of a Department as the Chairman may, by general or special order, authorize in this behalf, and shall be sealed with the common seal of the Board.

Provided that no contract whereof the value or amount exceeds such value or amount as the Central Government may from time to time fix in this behalf shall be made unless it has been previously approved by the Board.

Provided further that no contract for the acquisition or sale of immovable property or for the lease of any such property for a term exceeding thirty years, and no other contract whereof the value or amount exceeds such value or amount as the Central Government may from time to time fix in this behalf, shall be made unless it has been previously approved by the Central Government.

- 2) Subject to the provisions of Sub-Section (1), the form and manner in which any contract shall be made under this Act shall be such as may be prescribed by regulations made in this behalf.
- 3) No contract which is not made in accordance with the provisions of this Act and the regulations made there under shall be binding on the Board.

##### **6.1.3 Prior Sanction of Central Government to Charge Expenditure to Capital:**

##### **Section 92 (1):**

No expenditure shall be charged by a Board to Capital without the previous sanction of the Central Government;

- 1) Provided that a Board may without such sanction charge to Capital expenditure not exceeding such limit as may be specified, and subject to such conditions as may be imposed, by the Central Government.

- 2) Nothing in Sub-Section (1) shall be deemed to require the further sanction of the Central Government in any case where the actual expenditure incurred as a charge to Capital exceeds the expenditure sanctioned in this behalf by the Central Government unless the excess is more than 10% of expenditure so sanctioned.

#### **6.1.4 Works Requiring Sanction of Board or Central Government:**

##### **Section 93(1):**

- 1) No new works or appliance, the estimated cost of which exceeds such amount as may be fixed by the Central Government in this behalf shall be commenced or provided by a Board, nor shall any contract be entered into by a Board in respect of any such new work or appliance has been submitted to, and approved by the Board, and, in case the estimated cost of any such new work or appliance exceeds such amount as may, from time to time, be fixed by the Central Government to the Plan and Estimate shall be obtained before such work is commenced or appliance provided.
- 2) Nothing in Sub-Section (1) shall be deemed to require the further sanction of the Central Government in any case where the actual expenditure incurred does not exceed more than 10%, the estimated cost so sanctioned.

#### **6.1.5 Power of Chairman for Execution of Works:**

##### **Section 94:**

Notwithstanding anything contained in Section 93, the Chairman may direct the execution of any work, the cost of which does not exceed such maximum limits as may be fixed by the Central Government in this behalf and may enter into contract for the execution of such works but in every such case the Chairman shall, as soon as possible make a report to the Board of any such directions given or contracts entered into by him.

#### **6.1.6 Power to Board to Compound or Compromise Claims:**

##### **Section 95:**

Every Board may compound or compromise any claim or demand or any action or suit instituted by or against it for such sum of money or other compensation as it deems sufficient;

Provided that no settlement shall be made under this section without the previous sanction of the Central Government if such settlement involves the payment by the Board of a sum exceeding such amount as may be specified by the Central Government in this behalf.

#### **6.1.7 Writing off of Losses:**

##### **Section 96 (1):**

- 1) Subject to such conditions as may be specified by the Central Government, where a Board is of opinion that any amount due to or any loss, whether of money or of property, incurred by, the Board is irrecoverable, the Board may, with the previous approval of the Central Government, sanction the writing off finally of the said amount or loss, provided that no such approval of the Central Government shall be necessary where such irrecoverable amount or loss does not exceed in any individual case and in the aggregate

in any year, such amounts as the Central Government may, from time to time, by order, fix and different amounts may be fixed with respect of different boards.

- 2) Notwithstanding anything contained in Sub-Section (1), where the Chairman is of opinion that any amount due to, or any loss, whether of money or of property, incurred by the Board is irrecoverable, the Chairman may sanction the writing off finally of such amount or loss provided that such amount or loss does not exceed, in any individual case and in the aggregate in any year, such amounts as the Central Government may, from time to time, by order, fix and different amounts may be fixed with respect different Boards.
- 3) In every case in which the Chairman sanctions the writing off of any amount or loss under Sub-Section (2), he shall make a report to the Board giving reasons for such sanction.

## **6.2 Government Order on Delegation of Powers by The Ministry to The Port Trust**

The Ministry of Shipping (earlier Ministry of Surface Transport) Ports Wing has been enhancing the delegated powers to the Port Trust Board/Chairman/Dy. Chairman from time to time.

In the above reference, Under Secretary to the Govt. of India has forwarded the Delegation of enhanced financial powers duly approved by Hon'ble Ministry of Shipping, Road Transport & Highways for implementation by Major Port Trusts, under Sections 34; 66; 85; 94; 95; 96 and 101 of Major Port Trusts Act 1963. vide Letter No: 17011/1/2005-PG dated 11<sup>th</sup> February, 2015. (Annexure-2)

The Ministry's earlier letters on the subject as cited below are hereby **superseded**:

- 1) Letter No. PR-17011/3/96-PG dated 11th December, 1996.
- 2) Letter No. PR-17011/2/96-PG dated 18th August 1997.
- 3) Letter No. PR-17011/2/98-PG dated 24th October 2000,
- 4) Letter No. PR-17011/1/2005-PG dated 24th August 2005.as modified vide.

No. PR-17011/1/2005-PG dated 5th December, 2005.

## **6.3 A compilation of updated Delegation Of Powers to Port Trust Board / Chairman / Deputy Chairman/Heads of the Department as per Govt. orders is as under:**

### **A. Sanction of Estimates : Under Section 93 of MPT Act:**

- |                |   |                |
|----------------|---|----------------|
| 1. Board       | : | Rs. 200 Crores |
| 2. Chairman    | : | Rs. 10 Crores. |
| 3. Dy.Chairman | : | Rs. 5 Crores   |
| 4. HOD         | : | Rs. 1 Crore    |

### **B. Entering into Contracts : Under Section 34 of MPT Act**

- |                |   |              |
|----------------|---|--------------|
| 1. Board       | : | Full Powers  |
| 2. Chairman    | : | Rs.10 Crores |
| 3. Dy.Chairman | : | Rs. 5 Crores |
| 4. HOD         | : | Rs 1 Crore   |

C. Charging Expenditure to Capita I: Under Section 92 of MPT Act

1. Board : Rs. 200 Crores
2. Chairman : Rs. 10 Crores
3. Dy.Chairman : Rs. 5 Crores
4. HOD : Rs. 1 Crore

D. Powers of Chairman as to Execution of works :

**Under Section 94 of MPT Act** : Rs. 10 Crores

E. Adherence to Estimate Except Emergency : Under Section 101 of MPT Act

Board : Rs. 5 Crore at each case, subject to a maximum of  
Rs. 25 Crores in a year

## **C H A P T E R V I I**

# **PREPARATION OF ESTIMATES AND OBTAINING SANCTION**





## CHAPTER VII

### PREPARATION OF ESTIMATES AND OBTAINING SANCTION

#### 7.1. ESTIMATE IS A PRE-REQUISITE FOR PROCUREMENT ACTION:

No procurement action (tender enquiry) shall commence prior to preparation of proper estimate and obtaining the sanction of the competent authority. In other words, no expenditure shall be incurred without obtaining the sanction of the authority designated.

Thus as estimate forms the basis for procurement.

#### 7.2. IMPORTANCE OF A PROPER ESTIMATE:

An estimate prepared with due diligence, eliminates, to a great extent, variations, extra and substituted items during the course of execution, obviating the possibility of claims and disputes, paving the way for smooth completion of the work.

A carefully prepared estimate also eliminates delay in execution of the work and thus eliminating cost and time overrun.

The need for preparation of revised cost estimates and obtaining revised sanction of the competent authority of VPT or Government, as the case may be can also be avoided with a realistic cost estimates.

Estimates are therefore to be prepared by experienced engineers who have the required knowledge of the particular work, provisions in the relevant codes of practice in respect of material specifications, method of execution, method of measurement, testing and quality assurance.

The location of the work and the site conditions, particularly the access to site of work, difficult working conditions, restricted hours of working etc. shall be taken into consideration and necessary provisions shall be made in the estimate.

The rates adopted shall be realistic and shall represent the prevailing market rates.

The VPT Schedule of rates, which provides for rates for Mechanical & Electrical Engineering items of work shall be revised and updated from time to time to reflect the prevailing market rates.

#### 7.3. FORMULATION OF PROPOSALS:

##### **A. Functional requirements:**

Functional requirements shall have precedence over other requirements. Available standards/norms and guidelines etc. shall form the basis.

User / operational department requirements in respect of E.L.L. Wharf Cranes (10T, 15T, 20T), Mobile cranes, Forklifts, Front end loaders, other cargo handling equipment,

E.O.T.Cranes, Motor Vehicles, OSTT / LPG / OR-I&II berths, Locomotives for Railway operations. Sub-station equipment (132 KV, 11KV, 3.3KV) viz. HT & LT panels, Indoor and Outdoor transformers, Overhead lines, Pumps and Motors, Lifts, In-Motion Weigh Bridges, Truck weigh bridges, Radiological Detection Equipment, ISDN (Internal Subscriber Digital Network), AIS, Radar & VHF systems, Bathymetric/Hydrographic Survey System, Floating Crafts such as Tugs (Voith propulsion, Rudder (Schouttle) propulsion) Dredgers (presently Grab dredger SagarDurga), Launches (pilot, mooring, V.I.P., service), Fire float, Barges (oil, water), Floating cranes and hydrographic survey launch (Nirmal) etc. should be obtained wherever necessary and the concurrence of user department taken.

In respect of administrative offices, the actual requirements to be finalized with the departments concerned duly adhering to the government norms in this regard.

#### **B. Alternatives:**

Before pitching upon the proposal, alternative ways of achieving the same goal, without the proposed facility, either by modernization of the existing facilities or by other means should be explored first.

#### **C. Establishing need for the proposal:**

In respect of proposals costing more than 50 lakhs, the need for the particular proposal is to be carefully examined and justification established. As a first step in this direction, the proposal shall be first mooted in the meeting of HODs taken by Chairman, VPT every Monday. Based on the outcome of the discussions, an appropriate committee is to be constituted to establish the need for the proposal.

#### **D. Feasibility of the proposal:**

Any proposal is to be examined for feasibility of the following:

1. Operational feasibility
2. Technical feasibility
3. Economic feasibility
4. Schedule feasibility

#### **E. Environmental impact assessment:**

Adverse impacts on the environment from proposed facility should be examined by conducting necessary studies and approvals from appropriate authority obtained before processing the proposals for sanction.

#### **7.4. PRELIMINARY ESTIMATES NEEDED FOR “IN PRINCIPLE SANCTION’ OF A PROPOSAL:**

Proposals for creation of new assets or in respect of maintenance works for proper upkeep of the assets already created shall be properly justified with necessary **preliminary estimates** and in principle sanction of the competent authority.

#### **7.5. DETAILED ESTIMATES:**

The detailed estimates shall be realistic.

The quantities estimated shall be reasonably accurate with supporting preliminary design, so as to avoid significant variations during actual execution of the work.

The rates estimated shall represent the prevailing market rates to enable true comparison of the rates quoted by the various bidders with the prevailing rates.

##### **a. DESIGNS, DRAWINGS AND MATERIAL SPECIFICATIONS:**

Preparation of preliminary designs and general arrangement drawings at the proposal stage and detailed designs and detailed drawings at the detailed estimates stage will, to a great extent, eliminate variations in quantities during the actual execution of the work. Similarly appropriate material specifications drafted at the detailed estimate and tender stage will eliminate extra and substituted items during execution, thus minimizing scope for claims by the contractor during execution of the work.

##### **b. PROVISION FOR CONTINGENCY:**

Provision for contingencies at 3% is to be incorporated in the estimate to account for unforeseen items during execution of work.

##### **c. PROVISION FOR ENGINEERING AND SUPERVISION:**

###### **a) Project / Major (Capital)**

As far as major works are concerned, where detailed engineering and supervision is beyond the scope of VPT, provision @ 5% is to be incorporated in the estimate, to meet the consultancy fee etc., payable to agencies to be engaged for engineering and supervision.

###### **b) Revenue and Minor works : 2%**

#### **7.6. FINANCIAL VIABILITY:**

In case of major investment, the financial viability is to be established as per the prevailing guidelines from the Govt., before seeking approval of the competent authority.

While delegating the enhanced financial powers, by the Central Govt. vide MOST's letter No. PR-17011/3/96-PG, dated 17-11-96, MOST has fixed certain conditions in respect of the powers to be exercised by the Port Trust Board. One of the conditions fixed there is that the Port Trust Board shall set up "Standing Committee" to consider and recommend the investment (estimates) proposals for Board's approval within their competence.

"Standing Committee" shall Comprise of

1. Chairman - As Chairman of the Committee
2. Dy. Chairman
3. FA&CAO
4. Chief Mechanical Engineer
5. Chief Engineer
6. Traffic Manager
7. D.C
8. Dy.HOD of the Project Proponent Department
9. Any Other Officer as co-opted member as decided by the Chief Mechanical Engineer

The value of work for this purpose is Rs. 5 Crores and above.

#### **7.7. BUDGET PROVISION:**

Provision for the particular work / equipment / component shall be made in the respective annual budget whenever such requirement can be anticipated while processing an U.O. Note for the estimate sanction; the prescribed proforma is to be enclosed.

##### **7.7.1. Capital and Revenue Accounts:**

Significant expenditure incurred with the object of acquiring tangible assets of a permanent nature (for use in the organization and not for sale in the ordinary course of business) or enhancing the utility of existing assets, shall broadly be defined as Capital expenditure. Subsequent charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day to day running of the organization, including establishment and administrative expenses, shall be classified as **Revenue expenditure**. Capital and Revenue expenditures shall be shown separately in accounts.

Capital expenditure is generally met from receipts of capital nature, as distinguished from ordinary revenues derived from taxes, duties, fees, fines and similar items of current

income including extraordinary receipts. It is open to the Port to meet Capital expenditure from ordinary revenues, provided there are sufficient revenue resources to cover liability.

Accordingly provisions are made in the Capital and Revenue budgets annually to meet the expenditure for works, equipment, materials etc.

#### **7.7.2. Plan and Non-Plan Works:**

Capital Works include (a) Plan works and (b) Non-plan works

##### **a) Plan Works:**

These are Capital works envisaged in the annual plan, for which, Govt. approval is obtained.

In the case of Plan works, any upward revision of the amount provided in respect of a particular work may be done with the approval of the Ministry.

##### **b) Non-Plan Works:**

Any work, capital in nature, costing more than Rs.1 lakh but less than Rs. 500 lakhs with an expected life of more than 5 years but not included under 'Plan works' shall be charged to 'Non-plan' Capital Account.

For Non-plan works, the total amount that may be spent during a particular year by a department concerned is fixed. Re-appropriation of funds from one work to another and allocation of funds for new works which may be subsequently identified during the period may be done as necessary without exceeding the total amount sanctioned for the year, subject to approval by the Chairman/Board.

#### **7.8. SCRUTINY / SANCTION FOR DETAILED COST ESTIMATES:**

##### **a. TECHNICAL SANCTION:**

Once the detailed estimate is ready and scrutinized at various levels in the department, technical sanction to the estimate is to be accorded as under:

|                  |   |                                |
|------------------|---|--------------------------------|
| C.M.E            | : | above Rs. 50 lakhs             |
| Dy.C.M.E / S.M.E | : | above Rs. 30 lakhs to 50 lakhs |
| S.E / ME(P)      | : | above Rs. 10 lakhs to 30 lakhs |
| EXE / ME         | : | up to Rs. 10 lakhs             |

Thereafter, the estimate is to be processed for financial sanction of the competent authority giving reference to the specific budget provision.

##### **b. SCRUTINY BY ACCOUNTS DEPARTMENT:**

The present practice of routing estimates through Accounts Dept. in respect of works costing more than Rs. 2 lakhs. For works costing less than Rs.2 lakhs, the division

concerned shall process the estimates & tenders and need not be routed through Accounts department, vide serial no. 5 of Annexure-B under resolution no. 26/2009/10 of the board of Trustees held on 29.05.2009. (Annexure –8)

**c. SANCTION OF THE COMPETENT AUTHORITY:**

As per delegation of powers, depending upon the value of the estimate, the appropriate competent authority (Govt. or VPT Board or Chairman or Dy.Chairman or Head of Department, as the case may be) is to be appraised of the scope and need for the estimate including the budget provision for the work and the sanction obtained.

Delegation: Under Section 93 of MPT Act:

|    |             |   |                 |
|----|-------------|---|-----------------|
| 1. | Board       | : | Rs.200Crores    |
| 2. | Chairman    | : | Rs.10.00 Crores |
| 3. | Dy.Chairman | : | Rs.5.00 Crores  |
| 4. | CME         | : | Rs.1.00Crore    |

The financial limits are with reference to the total size of the work and is part of the scheme approved.

**7.9. REVISED ESTIMATES:**

Revised estimates are required to be prepared and sanction of the competent authority obtained under the following situations:

a When the work order value exceeds the sanctioned estimate cost by more than 10% on overall estimated value (Before awarding work)

b When the total amount payable due to execution of excess quantities and extra/substituted items of work exceeds the sanctioned amount by more than 10%.

c The Port should make a mandatory review of all those plan schemes where expenditure level reached 50% or more and on review of cost estimates of the schemes, if the Port consider that the revised cost of the scheme, is likely to exceed more than 15% as compared to its original estimates irrespective of cost of plan schemes accompanied by details, analysis of reasons of escalation should be sent to the Ministry for approval. No expenditure beyond original cost should be incurred by the Port unless the Ministry has approved the RCE.

In all such cases the reasons for revision shall be stated with justifications in the accompanying proposal and a comparative statement showing the up-to-date status of the work item-wise shall be enclosed.

## **7.10. PROJECTS / INVESTMENTS REQUIRING SANCTION OF GOVT.**

### **7.10.1 PREPARATION OF FEASIBILITY REPORT FOR PROJECT PROPOSALS:**

Planning Commission, Govt. of India, has issued a circular enclosing checklist (Annexure - 17) for preparation of Feasibility Report for Port sector projects.

### **7.10.2 PREPARATION OF DETAILED PROJECT REPORT (DPR):**

On receipt of sanction of the project, based on submission of DPR / Techno-Economic Feasibility Report and assurance of funds, the procuring entity shall finalize the Detailed Project Report giving reference to the following documents:

1. Identification of project
2. Need for the Project.
3. Traffic Analysis and Forecast.
4. Study of Alternative proposal.
5. Detailed cost estimates in respect of
  - Mechanical works
  - Civil Works
  - Electrical works (Power supply & illumination)
6. Annual Operation & Maintenance cost estimate.
7. Capital cost Estimate & implementation schedule
8. Systems to be adopted for project monitoring.
9. Quality assurance system / mechanism
10. Financial benefits from the projects
11. Viability analysis.

## **7.11. PROJECTS IN THE PPP MODE:**

The Ministry has issued guidelines as per Annexure-4. Beyond Board powers (Rs.50\*/100\* Crores)

**a) CAPITAL COST** : >Rs. 500 Crores

APPRAISAL FORUM : PPPAC

APPROVING AUTHORITY : CABINET COMMITTEE ON INFRASTRUCTURE (CCI)

**b) CAPITAL COST** : Rs.150- 500 Crores

APPRAISAL FORUM : S.F.C

SECRETARY, MINISTRY OF SHIPPING - CHAIRMAN

CLEARANCE BY TWO MEMBER COMMITTEE : SECRETARY, SHIPPING AND  
SECRETARY, DEA

APPROVING AUTHORITY : MINISTER FOR SHIPPING & FINANCE MINISTER



c) **CAPITAL COST** : Rs. 100-150 Crores  
APPRAISAL FORUM : S.F.C  
SECRETARY, MINISTRY OF SHIPPING - CHAIRMAN  
• CLEARANCE BY TWO MEMBER COMMITTEE: SECRETARY, SHIPPING AND  
SECRETARY, DEA  
APPROVING AUTHORITY: MINISTER FOR SHIPPING AND FINANCE

d) **CAPITAL COST** : Rs. 25-100 Crores  
APPRAISAL FORUM : S.F.C  
SECRETARY, MINISTRY OF SHIPPING - CHAIRMAN  
APPROVING AUTHORITY : MINISTER FOR SHIPPING

e) **CAPITAL COST** : <Rs. 25 Crores  
APPRAISAL FORUM : MINISTRY OF SHIPPING  
APPROVING AUTHORITY : SECRETARY (SHIPPING)

\* Rs. 50 crores in respect of new investment and Rs.100 Crores in respect of replacement/renewal of assets.

#### **7.12. ESTIMATES FOR EMERGENCY WORKS:**

Under emergency situations, arising out of natural calamities viz. flood, cyclone etc. and /or accidents etc., when normal operations of the port are disrupted or human life is endangered and further loss is apprehended, repair and rehabilitation works are to be taken-up without loss of time. In such cases the estimates for repair/rehabilitation are to be prepared immediately and put up for sanction of the competent authority along with proposal for award of work to the registered contractors or by obtaining limited tenders from the eligible contractors. Even under such situations also estimates are to be prepared ensuring economy, transparency and high standards of financial propriety.

##### **Delegation:**

**Board:** Rs.1.00 Crore at each case, subject to a ceiling Rs.10.00 Crores in a year

#### **7.13. BASIS FOR “ RATES” INCORPORATED IN THE ESTIMATES:**

##### **7.13.1 VPT Schedule of Rates:**

- The Estimates are to be prepared based on VPT Schedule of Rates (VPT SR) / AP SR / DSR / ALC Rates as applicable.
- In respect of items not covered in the above stated schedules, rates to be worked out obtaining minimum of 3 (three) quotations from local market.

**Profit & Overheads:**5% towards overheads and 10% contract profit to be included in the rate analyses to arrive realistic rates.

Overheads assumed to be include interalia the following elements

- I. Site accommodation, setting up plant, access road, water supply lines, electricity and general site arrangements
- II. Office furniture, equipment and communications
- III. Provision towards expenditure on:
  - a. Site supervision
  - b. Documentation and "as built" drawings
- iv. Labour camps with minimum amenities required as per labour laws and transportation to work sites
- v. Light vehicles for site supervision including administrative and managerial requirements
- vi. Watch and ward
- vii Provision towards safeguarding environment
- viii. Sundries
- ix. Work Insurance / compensation.

#### **7.13.2 Local Market Rates:**

For Items not covered in above stated schedules, rates are to be worked out based on standard data duly obtaining minimum 3 (three) sealed quotations in the name of Executive Engineer concerned and opened by concerned departments officers and Officer from Accounts Dept. If only one or two quotations are received, despite enquiries, the reasonability of price should be examined and justified.

#### **7.13.3 D.G.S. & D. RATE CONTRTACT RATES:**

The Central Purchase organization (e.g. D.G.S&D) shall conclude rate contracts with registered suppliers, for goods and items of standard types, which are identified as common user items and are needed on recurring basis by various Central Govt. Ministries or Departments. The Central Purchase Organization will furnish and update all the relevant details of the rate contract in its web site. These rates can be followed while preparing estimates for such items.

#### **7.14. IMPREST ACCOUNT:**

Cash Imprest Account – An imprest is a standing advance of a fixed sum of money placed at the disposal of an official to meet petty office expenses and emergent charges of small amounts, which cannot be foreseen. An emergent petty advance may also be made on the responsibility of the imprest holder, out of the imprest money placed at his disposal. The

amount of imprest must not be larger than is absolutely necessary. It should be reckoned at the lowest possible figure calculated to suffice for meeting charges of the nature referred to above. In all cases including those for works and surveys, an imprest required must be specifically sanctioned as such by the Heads of Departments or by any other authority to whom the powers in this regard may be delegated by the competent authority. Imprest holders are not authorised to increase or decrease the amount of their imprest without the sanction of the competent authority and this should be seen when checking the imprest account submitted to the Accounts Office. The fixed balance is to be made up by regular replenishments.

The imprest Account should be kept in duplicate and the original supported by necessary vouchers should be forwarded to the Accounts Officer at regular intervals or as required by the Accounts Officer for check and recoupment. The accounts should ordinarily be closed by the end of the month and recouped before the end of the month so as to ensure, as many as possible of the month's transactions being included in the accounts. If there is surplus money at the end of each month, as noticed from time to time or if there is delay of several months in sending the account for recoupment it is evident that the amount of imprest held is in excess of the monthly requirements and the matter should be brought to the notice of the authority who sanctioned the imprest with a view to reducing the amount of the imprest.

Before recoupment is made, the imprest Account should be scrutinized to

- (i) That it is arithmetically correct.
- (ii) That the balance brought forward is correct, i.e. the opening balance should be checked with the closing balance of the previous account;
- (iii) That all recoupments have been properly taken into account;
- (iv) That payment made are of a nature which could be passed through Imprest i.e. they are not irregular or unauthorized;
- (v) That the charges, which normally required pre-check by Accounts, are not included in the imprest Account.
- (vi) That all receipts are in proper form and signed by the persons in whose favour the bill is drawn or by his agents.
- (vii) That the sum acknowledged is written in words as well as in figures;
- (viii) That the rates are not extravagant;
- (ix) That in case of special charges which require sanction of higher authority or are regulated by a scale the requisite sanction has been obtained and the scale fixed is not exceeded;

- (x) The amounts shown as remitted have been received by the Chief Cashier and accounted for in the books,
- (xi) The certificate of actual amount of balance in hand is recorded under the signature of Executive Officer in-charge;
- (xii) Proper acknowledgements in respect of moneys advanced are being obtained;
- (xiii) In case of purchase of stock items a certificate is furnished that the stock items purchased were not made available by the Stores Department.
- (xiv) The closing balance and the amount recouped during the month should be noted in a manuscript register wherein the amount of imprest held by each officer should also be recorded as soon as it is sanctioned.

**The following are the imprest account maintained in the department:**

- |    |         |   |              |
|----|---------|---|--------------|
| 1) | HOD     | : | Rs. 50,000/- |
| 2) | Dy. HOD | : | Rs.15,000/-  |
| 3) | S.E's   | : | Rs. 10,000/- |
| 4) | EXE's   | : | Rs. 5,000/-  |

Further to meet the urgent requirements of the works divisions, it is also proposed to maintain the cash imprest by the Superintendent Engineers & Divisional Officers, on case to case basis, after obtaining the approval of the Competent Authority.



## **C H A P T E R V I I I**

### **PROCUREMENT PROCEDURE (SERVICES)**



# CHAPTER VIII

## PROCUREMENT PROCEDURE (SERVICES)

### 8.1. Introduction:

#### 8.1.1 Basis for procurement:

All 'procurement' of works/ equipment/services etc. is done by entering into a 'contract' with the successful bidder.

**8.1.2 Procurement Philosophy:** Due attention to considerations of economy, efficiency, transparency in procurement process and non-discrimination among eligible bidders for procurement contracts shall be the basis for procurement.

### 8.2. Contracts:

**Definition:** A 'contract' is an agreement in fixed terms  
or

An Agreement enforceable by Law

#### 8.2.1 BASIC CONCEPTS RELATING TO INDIAN CONTRACT ACT, 1872:

Some of the basic concepts relating to the Indian Contract Act, 1872 areas under:

##### (i) Contract :

- i. When one person signifies to another his willingness to do or to abstain from doing anything, with a view to obtaining the assent of the other to such act or abstinence, he is said to make a "proposal".
- ii. When the person to whom the proposal is made signifies his assent thereto, the proposal is said to be accepted. A proposal, when accepted, becomes a "promise".
- iii. The person making the promise is called the "promisor" and the person accepting the proposal is called the "promisee".
- iv. Every promise and every set of promises, forming the consideration for each other, is an "agreement".
- v. An agreement enforceable by Law is a Contract. Nothing contained in the Indian Contract Act shall affect any law in force in India and not expressly repealed by this Act, by which any Contract is required to be made in writing or in the presence of witness or any law relating to the registration of documents.

**Interpretation:** Under the Indian Contract Law, if a Contract is violative of other Indian laws, it is considered void. If a contract becomes void, none of its provisions, including those for arbitration and damages will hold.

**Note:** From the Engineer's point of view, the aim of the contract is to seek best value for the money within the guidelines laid down by the policy decisions, whereas the contractor's objective should be to provide works of specified quality and workmanship within the stipulated



cost in due time at a reasonable profit. The Engineer and/or his representative shall have due authority to monitor and /or expedite the process of payments to the contractor in conformity with the contractual obligations.

**(ii) Void and Voidable Contract**

- a. An agreement which is enforceable by law at the option of one or more parties thereto, but not at the option of the other or the others, is a voidable contract.
- b. A contract which ceases to be enforceable by law becomes void when it ceases to be enforceable.
- c. When time is essence of the contract the contract becomes voidable if contractor fails to perform his promise at or before the specified time.
- d. When time is not the essence of the contract, the contract does not become voidable by the contractor's failure to perform his promise at or before the specified time.

**(iii) Safeguarding public interest will include**

- Obtaining the best of terms in regard to quality, quantity and value. This means striving for the highest price or cost if the Authority is the seller or provider of goods or service and striving for the lowest price or cost if the Authority is the buyer or recipient of goods or service.
- And where necessary, taking note of factors like pollution, effect of environment, maximum utilization and benefit to public.

**(iv) Procedure and Form of Contract:**

The procedure and form in which Government Contracts are to be made is laid down in Art. 299 of the Constitution of India, which reads as under:

“Art. 299. Contracts (1) All contracts made in exercise of the executive power of the Union or of a State shall be expressed to be made by the President, or by the Governor of the State, as the case may be, and all such contracts and assurances of property in exercise of that power shall be executed on behalf of the President or Governor by such persons and in such manner as he may direct or authorize.

Two pre requisites are required to be satisfied for a contract to be valid.

Contract must be executed i.e., shall be in writing.

President of India or Governor of a State or a person duly authorized in his/her behalf can execute a Contract. The authorization is notified by the Government from time to time.

The terms and conditions of Contracts relate to the performance of the contract, whereas the above mentioned procedural requirements are to be fulfilled for the validity of the contract. (SourceGFR-2005)

### **8.2.2 Major Port Trust Act 1963 Provision:**

**Section 33 and 34 (1) of the M.P.T. Act** set forth the powers of the Board to enter into contracts and these are detailed below:

**Section 33:** Subject to the provisions of Section 34, a Board shall be competent to enter into and perform any contract necessary for the performance of its functions under this act.

**Section 34 (1):**

(1) Every contract shall, on behalf of a Board, be made by the Chairman and shall be sealed with the common seal of the Board.

Provided that no Contract where of the value or amount exceeds such value or amount as the Central Government may from time to time fix in this behalf shall be made unless it has been previously approved by the board.

Provided further that no contract for the acquisition or sale of immovable property or for the lease of any such property for a term exceeding thirty years, and no other contract where of the value or amount exceeds such value or amount as the Central Government may from time to time fix in this behalf, shall be made unless it has been previously approved by the Central Government.

(2) Subject to the provisions of sub-section (1), the form and manner in which any contract shall be made under this Act shall be such as maybe prescribed by regulations made in this behalf.

No Contract which is not made in accordance with the provisions of this act and the regulation made there under shall be binding on the board.

Again **Section 93 (1) and Section 94** empower the Board and the Chairman to direct the execution of any work the cost of which does not exceed such maximum limit as may be fixed by the Government in this behalf and enter into contracts for the execution of such works. The clarification in regard to the difference of power to be enjoyed by Board and Chairman in respect of sections 34 and 94 is that whereas the Chairman can enter into a contract for executing of a work up to a limit fixed by the Central Government in this behalf, Section 34 (1) applied to other contracts entered into by the Chairman other than those for the works. Section 94 also requires that in every such case of direction for execution of work and entering into contracts for the same, the Chairman should as soon as possible make a report to the Board of any such directions given or contracts entered into by him. Pursuant to the above, a quarterly report is required to be put up to the Board detailing therein the tenders accepted by the Chairman/Dy. Chairman.

**Section 95 of the M.P.T. Act** deals with the powers of the Board to deal with the breach of contracts entered into by them and is re-produced below:

“Every Board may compound or compromise any claim or demand or any action or suit instituted by or against it for such sum of money or other compensation as it deems sufficient.

Provided that no settlement shall be made under this section without the previous sanction of the Central Government if such settlement involves the payment by the Board of a sum exceeding such amount as maybe specified by the Central Government in this behalf”.

For the purpose of provision of section 95 mentioned above, the Central Government has delegated the power of settlement by way of compounding or compromising any claim or commitment of any amount or suit instituted by or against the Board for involving the payment of the Board.

### **8.2.3 Law of Contract:**

The Law of Contract in India consists of the provisions in the Indian Contract Act 1872 and the Common Law of England as applied by the courts in India in the course of various judgments.

The Law of Contract mainly consists of three parts:

- Formation of the Contract.
- Performance of the Contract and
- Breach of Contract and remedies thereon.

An engineering contract may be defined as an agreement under which a contractor undertakes for a consideration to carry out for works of Mechanical & Electrical Engineering nature.

The Indian Contract Act 1872 defines an agreement as “Every promise and every set of promises, forming the consideration for each other is an agreement”. An agreement enforceable by law is a Contract. The essential elements required for formation of a Contract may be stated asunder:

“All agreements are contracts, if they are made by the free consent of parties competent to contract for a lawful consideration and with lawful object, and are not hereby expressly declared to be void.

Nothing herein contained shall effect any law in force in India and no thereby expressly repealed, by which or in the presence of the witnesses, or any law relating to registration of documents.

Thus, the essential conditions required before the formation of a legally valid and binding contract are as under:

- The contract must be between at least two persons – the person under an obligation and another entitled to enforce the obligation.
- The persons making the contract ought to be of sound mind when contracting.
- Parties must be ad idem about the subject matter of the contract and must have understood it in the same sense while entering into the same;
- There must be a lawful consideration for doing the act; and
- There must exist an intention of creating a legal relationship”.

#### **8.2.4. General Principles for Contract:**

The following general principles shall be followed while entering into contract.

- i) The terms of contract must be precise, definite and without any ambiguities. The terms should not involve an uncertain or indefinite liability, except in case of a cost plus contract or where there is a price variation clause in the contract.
- ii) Standard forms of contract should be adopted wherever possible, with such modifications as are considered necessary in respect of individual contracts. The modifications should be carried out only after obtaining technical, financial and legal advice, as warranted.
- iii) No work of any kind should be commenced without proper execution of agreement.
- iv) Contract document, where necessary, should be executed within 30 days of the letter of acceptance. Non-fulfillment of this condition of executing a contract by the contractor would constitute sufficient ground for annulment of the award and forfeiture of E.M.D. or as specified in NIT.
- v) Cost plus contracts should ordinarily be avoided. Where such contracts become unavoidable, full justification should be recorded before entering into the contract.
- vi) Price variation clause is applicable for all the Mechanical & Electrical works having tender cost more than Rs. 1 Crore and duration is more than 12 months as per clause 3.6
- vii) No price variation will be admissible beyond the original Scheduled Delivery Date for defaults on the part of the supplier/contractor.
- viii) Price variation may be allowed beyond the original Scheduled Delivery Date, by specific alteration of that date through an amendment to the contract in cases of Force Majeure or defaults by the Government.
- ix) Where contracts are for supply of equipment, goods etc., imported (subject to customs duty and foreign exchange fluctuations) and / or locally manufactured (subject to excise duty and other duties and taxes), the percentage and element of duties and taxes included in the price should be specifically stated., along with selling rate of foreign exchange element taken into account in the calculation of price of the imported item.

The mode of calculation of variation in duties and taxes and Foreign exchange rates and the documents to be produced in support of claims for such variations should also be stipulated in the Contract.

x) Contracts should include for provision for payment of all applicable taxes by the contractor or supplier.

xi) 'Lump sum' contracts should not be entered into except in cases of absolute necessity. Where Lump sum contracts become unavoidable, full justification should be recorded. The contracting authority should ensure that conditions in the Lump sum contract adequately safeguard and protect the interests of the Government.

xii) Departmental issue of materials should be avoided as far as possible. Where it is decided to supply materials departmentally, a Schedule of quantities with issue rates of such material as are required to execute the contract work should form an essential part of the contract.

xiii) In contracts where government property is entrusted to a contractor either for use on payment of hire charges or for doing further work on such property, specific provision for safeguarding the Government property (including insurance cover and for recovery of hire charges regularly, should be included in the contracts.

Provision should be made in contract for periodical physical verification of the number and the physical condition of the items at the contractor's premises. Result of such verification should be recorded and appropriate penal action taken where necessary.

xiv) The terms of contract, including the scope and specification once entered into, should not materially varied.

xv) Normally no extensions of the schedule of delivery or completion dates should be granted except where events constituting Force Majeure, as provided in the contract, have occurred or the terms conditions include for such a provision for other reasons.

Extensions as provided in the contract may be allowed through formal amendments to the contract duly signed by parties to the contract.

xvi) All contracts shall contain provision for recovery of liquidated damages / late delivery charges for defaults on the part of the contractor.

xvii) A clause for imposition of penalty in the case of deviation in specification, if the deviation is acceptable / accepted by the user Department.

#### **8.2.5. TYPES OF CONTRACTS:**

##### **A. Competitive Bid Contracts:**

##### **8.2.5.1 Item-rate Contract:**

The contract price is determined in accordance with quantity x unit price.

This is the most common form of contract in use. A schedule of various items of work with corresponding quantities to be carried out, as estimated by the engineer is enclosed with NIT and the tenderer is required to quote his rate for each item.

The main advantages with this type of contract are that during execution of work, there is freedom for variation of the quantities, if need arises to suit the site conditions or change in the design etc.

#### **8.2.5.2 Percentage-rate Contract:**

This is a variation of item-rate contract, where the estimated unit rate of each item and the total estimated value of the work as perceived by the engineer is furnished in the Schedule and the tenderer is required to quote the percentage above or below the total estimated value of the work at which he agrees to execute the work.

#### **8.2.5.3 Lump sum contract:**

Lump sum contract is used when the scope of work can be estimated in full detail. Such contracts are generally executed for repairs of Mechanical / Electrical / Marine equipment etc.

Changes in Lump-sum contracts are cumbersome and hence generally not recommended unless the break-up of costs are available in the contract.

Lump sum contracts should not be entered into except in case of absolute necessity, eg. Fixing responsibility on one contractor for deficiencies.

#### **8.2.5.4 Combination of Lump sum & Item rate Contracts:**

Here a fixed sum is proposed for completion of the work as specified in the tender and a schedule of rates is applied to work out the price of additional items and/or deductions/deletions if any.

#### **8.2.5.5 Turnkey Contract:**

This contract type, characterized as engineering, equipment and construction, is contracted for with a single contractor (this type is also called as a “design-build contract”, “design and construct”, “all-in contract”, “package deal” etc.). When design, procurement (or manufacturing), construction, start-up and a performance test run are all contracted for, the contract is referred to as a full turn-key contract.

#### **8.2.5.6 Cost plus Fee Contract:**

For cost-plus fee contract, the payment amount is determined, after completion of work and consists of the actual construction costs (material costs, labor costs etc.)

The cost-plus fee contract includes a 'cost-plus fixed fee' contract and a 'cost-plus percentage fee' contract. Cost-plus contracts should be avoided except where they are unavoidable.

## **B. Negotiated Contracts:**

Negotiated contract means a contract, which is entered into without going through the process of tendering. Such contracts are resorted to under emergency situations i.e. repair to damage caused by natural calamities etc. or in case of extreme urgency, which cannot be foreseen. Once such negotiation is complete, all the terms and conditions of the contract shall be reduced in writing and the signature of the contractor and that of the competent authority should be incorporated therein.

## **8.3 INVITATION OF TENDERS:**

### **8.3.1 Types of Tenders:**

#### **(i) Advertised or Open Tenders:**

Tenders of estimated value of Rs. 5 lakhs and above shall be covered by wide publicity through press/web site and in district/state/national level depending on the nature of work. Newspapers in which, the press advertisement for tender notice has been published should be kept in the relevant office file for future reference and record. In respect of Tenders costing more than 50 lakhs, a copy of NIT shall be sent to all Major Ports for publicity.

#### **(ii) Limited Tender Inquiry:**

This method may be adopted when estimated value of the work is up to Rupees Twenty-five lakhs. Copies of the bidding document should be sent directly by speed post/registered post/courier/e-mail to the contractors approved by the Competent Authority. The number of Limited Tender Enquiries sent to the bidders should be more than three. Further, web based publicity should be given for limited tenders.

Limited Tender Enquiry may be adopted even where the estimated value of the procurement is more than Rupees twenty-five lakhs, in the following circumstances:

- a. The competent authority is satisfied that the requirement is urgent.
- b. There are sufficient reasons, indicating that it will not be in public interest to procure through advertised tender enquiry.
- c. The sources of supply are definitely known and possibility of fresh source(s) beyond those being tapped, is remote.

### **(iii) QUOTATIONS:**

For works of urgent nature with estimated cost up to Rs.50,000 may be executed by obtaining Quotations from minimum three firms duly obtaining approval of competent authority.

### **8.3.2 SINGLE – STAGE & TWO –STAGE BIDDING:**

#### **8.3.2.1 Single Stage Bidding:**

Almost all Mechanical & Electrical Engineering works – barring those of highly specialized nature are tendered in the Single-Stage mode. In this mode, the specifications are finalized in single stage and the complete bid document containing technical specifications etc., relevant to the work are issued to the prospective bidders. The bidders are required to quote for the work complying with the specifications and technical details contained in the bid document. There is no scope for the bidder to offer his alternative specification.

#### **8.3.2.2 Two Stage Bidding:**

In contrast to the above, in respect of highly specialized nature of work such as those cited above, in view of lack of expertise with the department, the bid documents are prepared based on partially developed technical specifications and the prospective bidders are requested to contribute to the completion of technical specifications and provide methodology and work plan for carrying out the work, by inviting EOI. The results of the meeting are used to finalize the technical specifications and the scope of work. Thereafter, the final bid documents are issued to the responsive bidders and the bidders will be requested to submit financial proposals accordingly. Such a mode of bidding is known as TWO-STAGE BIDDING. Irrespective of whether the mode of tendering is 'single-stage' or 'two-stage', in order to evaluate the technical and commercial conditions and eligibility, before opening the financial bids, 'Single-Cover' or Two-Cover' system of tendering is to be adopted, as explained below:

### **8.3.3 'SINGLE COVER' / 'TWO COVER' SYSTEMS of Tendering:**

#### **(i) Single Cover (or single-envelope) System:**

For works where, change in technical and commercial conditions from the bidders' side, are not anticipated, the bidders will be asked to submit their complete offer in single cover itself. Generally this method is followed for tenders of estimate cost up to Rs. 15 Lakhs.

#### **(ii) Two- cover system (or two-envelope) System:**

##### **Norms for adoption of Two-Cover System:**

As per order No. K(W)/CTC/97-98, dt. 20-10-1998, communicated by Secretary, VPT. Two-Cover system (Cover I and Cover II) is to be followed for costing above Rs.15 lakhs.



However, in case of works of special nature / of highly technical nature, this limit needs to be reviewed.

**Cover I:**

Technical bid containing documents to satisfy eligibility criteria

**Cover II:**

Financial bid

The technical and financial bids should be sealed by the bidder in separate covers duly super scribed and both these sealed covers are to be put in a bigger cover which should also be sealed and super scribed with the name of work. The Technical bids are to be opened in the first instance and evaluated by a competent committee. At the second stage financial bids of only technically acceptable offers should be opened for further evaluation and ranking before awarding the contract.

**8.3.4 Tender Committee:**

The authority for constitution of Tender Committee rests with the Chairman, VPT. depending on the value of work. The present Tender Committee:

| S.No. | Work Value                               | Committee Members   |
|-------|--|---|
| 1     | Up to Rs. 10 lakhs                       | EXE / M.E (Mechanical / Electrical / Electronics)- Chairman and Convener, AO Cl.II / AO Gr.I / & AXE (Civil/Marine)   |
| 2     | Above Rs. 10lakhs to 50lakhs.            | SE (Mechanical, Electrical, Electronics & Marine) / M.E(P) / Sr. DMM - Chairman, EXE (Mechanical / Electrical / Electronics)/ ME- Convener.Sr.AO / AO Gr.I&EE (Civil)/Marine.                           |
| 3     | Above Rs. 50lakhs to 1Crore.             | Dy.CME / SME – Chairman, SE(Elec / Mech / Electronics) & M.E(P), EXE- Convener, Dy.CAO/Sr.AO&SE (Civil)   |
| 4     | Rs. 1 Crore to Rs. 2 Crores              | CME – Chairman, Dy.CME/SME, EXE (Mechanical / Electrical / Electronics) / ME - Convener<br>Sr.Dy.CAO / Dy.CAO, Dy.CE, and senior level officer from Marine / Traffic dept.                              |
| 5     | Above Rs. 2Crores and BOT / PPP Projects | CME – Chairman, CE, TM, DC, FA & CAO and concerned Dy.CME / SME / SE (Convener), concerned EXE (Mechanical / Electrical Electronics & Marine) / M.E and any other member as per the requirement of CME. |

**Note:**

In case of absence of Tender Committee member, Concerned HOD will nominate alternative member.

**8.3.5 Preparation of Tender Documents:**

**8.3.5.1 The tender documents shall consist of the following:**

- (i) Notice inviting the tender (NIT)

- (ii) Form of Bid (standard form)
- (iii) Memorandum (standard form)
- (iv) Scope of work and location
- (v) General conditions of contract (standard conditions)
- (vi) Special instructions to tenderers in case of two cover system to highlight the contents of 'Technical Bid' and 'Financial Bid' besides
  - Eligibility Criteria
  - Insurance requirements (Works insurance, Third party insurance, Special contingency policy for Port property and persons, Accident or injury to workmen etc)
  - Interest bearing Mobilization advance, Machinery advance etc. against submission of Bank Guarantee, proposed to be paid and conditions to be fulfilled in this regard
  - Material advance against submission of Bank Guarantee, proposed to be paid and conditions to be fulfilled in this regard
  - EMD, Performance guarantee requirement, Retention Money
  - Resolution of Claims and disputes
  - Price variations clause for labour, materials and fuel
  - Any other specific clause requiring attention of tenderers
  - Clause regarding rejection of late bids
  - Clause regarding forfeiting of EMD in case of withdrawing or altering bid during the bid validity period.
  - Force Majeure clause.
  - Validity Period of bids.
- (vii) Bill of Quantities / Work schedule,
- (viii) Preamble to Bill of Quantities (to supplement the specifications given in the Bill of Quantities, method measurement, mode of payment etc.)
- (ix) Technical specifications relevant to the particular work.
- (x) Special conditions of contract.
- (xi) Formats for Bank Guarantees.
- (xii) Drawings.

**Note:** Model bid document' to be taken as reference.

#### **8.3.5.1.1 Preservation of Draft Tender Documents in a sealed cover:**

To prevent from any tampering of the draft tender documents, the same is to be sealed and carefully preserved in a sealed cover by the concerned officer.

### **8.3.5.2 EARNEST MONEY DEPOSIT (EMD) & SECURITY DEPOSIT (SD) :**

#### **8.3.5.2.1 Earnest Money Deposit (E.M.D) :**

To safeguard against a bidder's withdrawing or altering the bid during bid validity period , EMD (also known as Bid Security) is to be obtained.

Works costing up to Rs. 1 crore : 2%

Works costing more than Rs. 1 crore : 2% up to Rs. 1 crore + 1% on the cost in excess of Rs. 1 crore, The max. amount of EMD will be Rs. 50 lakhs.

Submission of EMD & Performance Security is not necessary for a contract value upto Rs. 1 Lakh (One Lakh Rupees only). (As per CVC Guide lines vide CME's Order No. ICME/MOF/Tenders, dt: 18.08.2009.)

Micro & Small Enterprises registered with NSIC & Ministry of MSME with adequate monitory limits are exempted from payment of Tender cost and EMD amount for participating in VPT tenders for the execution of works / AMC works / Service Contracts.

The EMD will be accepted in the form of Account Payee Demand Draft, Banker's Cheque from a Nationalized /Scheduled Bank in the standard proforma of VPT. In case, the EMD value is more than Rs. 5 lakhs, bidders can submit Bank guarantee.

The EMD BG shall be valid for a period of 28 days beyond "bid validity period".

The tenderers who wishes to submit B.G. towards EMD should submit original B.G. along with their tender and the tenderer should ensure that the branch issuing authority should sent an unstamped duplicate copy of the guarantee directly to the beneficiary by Registered post with acknowledgment due before opening price bids with a covering letter requesting them to compare with the original received from their customer and confirm that it is in order. In case of single cover system, the tenderer who wish to submit B.G. toward EMD should submit original B.G along with the tender and the confirmation by the Banker in support of the issue of Bank Guarantee is to be received before acceptance of the tender by tender committee.

#### **8.3.5.2.1.1 Extension of Bank Guarantee (B.G):**

In case of foreseeing delay in finalizing the bids before the bid validity period plus 28 days as per the relevant clause, the B.G submitted towards E.M.D by all such bidders should be got extended suitably, well in advance.

Also, the B.G. submitted towards E.M.D. by the successful bidder (The Contractor) should be valid till he submits the Performance Guarantee. In case of expiry of the validity of the B.G., necessary extension shall be obtained before expiry of the B.G. In case of non-compliance by the contractor, the B.G. shall be en-cashed well before its expiry.

#### **8.3.5.2.1.2 EMD Forfeiture:**

It shall be clearly indicated in the tender documents that EMD shall be forfeited in the following cases:

1. If the tenderer withdraws his offer during the validity of the offer.
2. Changes the terms and conditions of the offer and submits a revised offer amounting to withdrawal.
3. Does not accept the Work order or LOI within the validity period.

#### **Note:**

Non-submission of required document to comply with PQC along with the tender, before price bid opening, need not attract forfeiture of EMD; however such tenders do not qualify for being considered and shall be liable for rejection.

#### **8.3.5.2.1.3 RETURN OF EMD:**

The E.M.D. of all the others except L1 shall be refunded before the 30th day after opening of price bid. EMD be refunded suo-motto without any application from the bidders.

However in case of works costing less than Rs.2 lakhs, EMD will form part of S.D (Retention Money)

The E.M.D. of L1 (successful) bidder will be refunded after award of work and on submission of performance Guarantee.

#### **8.3.5.2.2 Security Deposit (Performance Guarantee + Retention Money):**

S.D. consists of two parts viz. (i) Performance Guarantee and (ii) Retention Money. The same is towards guarantee for the work done. S.D. should be for a percentage of contract value as under

1. 10% Retention Money (RM) for works costing < 2 lakhs EMD of 2 % will form part of RM and in case of hiring of vehicles 10 % of retention)
2. 5% PG + 5% Retention Money (RM) for all Works from 2 lakhs to Rs.5.00 Crores
3. 10% PG for all Works costing more than Rs.5.00 Crores

The S.D (P.G+ R.M) should remain valid till the end of maintenance / warranty period (Defect liability period) as the case may be.

The maintenance / defects liability period shall be 12 months for different types of Mechanical & Electrical Engineering works.

However, in case of any modification in SD as per nature of work is allowed and same will be put up in NIT.

#### **8.3.5.2.2.1 Performance Guarantee (P.G):**

The P.G. may be accepted in the form of Account Payee Demand Draft, Fixed Deposit Receipt, Banker's Cheque or Bank Guarantee (for value more than Rs. 5.00 lakhs) from a

Nationalized/Scheduled Bank in the standard Proforma of VPT. The Bank Guarantee towards P.G. should be obtained for the full period covering defect liability period of 12 months at the initial stage itself with a claim period of 3 months.

The Contractor is required to submit Bank Guarantee of 10% of the Contract value towards Security Deposit in VPT Pro-forma within 30 days from the date of issue of W.O. with a claim period of 3 months, failing which equivalent amount will be recovered from his on account bills.

#### **8.3.5.2.2.2 Release of Performance Guarantee (P.G):**

The P.G. will be released on completion of maintenance/ warranty period after approval by the Competent Authority.

#### **8.3.5.2.2.3 Retention Money (RM):**

Retention Money will be the amount deducted from running on Account bills @ 5 % / 10% as the case may be. The recovery of Retention Money shall commence from the first bill onwards @ 5% / 10% as the case may be.

#### **8.3.5.2.2.4 Release of Retention Money:**

The Retention money will be released on completion of maintenance / warranty period. The authority for release of retention money is Competent Authority as per Delegation of Powers.

#### **8.3.5.3 Bank Guarantee Formats:**

1. Proforma for E.M.D. Guarantee Bond shall be as at Annexure - 5
2. Proforma for Performance Guarantee Bond shall be as at Annexure - 6.
3. Proforma for Bank Guarantee for Security Deposit in lieu of Deposit Bond shall be as at Annexure - 7.

#### **8.3.5.4 Insurance requirements:**

##### **(A) Procurement of Works / Equipment:**

The requirement of insurance is as under:

##### **i. Contract All Risks (CAR) Policy**

- Works including temporary works
- Materials brought to site
- Plant & Machinery
- Scaffolding /shuttering

##### **ii. Workmen compensation insurance as per workmen compensation Act 1923**

##### **iii. Third party insurance policy (Amount of insurance to be decided on case to case basis and specified in the tender document)**

iv. Damages to persons and property of the Port (Special contingencies policy) (Amount of insurance to be decided on case to case basis and specified in the tender document)

(B) **Indemnity Bond:** Whenever stores / equipment / sub-assemblies are required to be issued to the firm/contractor for necessary repairs / guidance in fabrication/ testing at OEM premises etc., these should be issued against appropriate indemnity bond.

#### **8.3.5.5 Advance payments to Contractors:**

Advance payments are permissible only when there is specific provision in the contract for payment of the same.

#### **8.3.6 Escalation of Payments for Maintenance Contracts:**

For the purpose of payment of escalation (when there is a specific provision in the contract, escalation will be paid), the contract duration is divided in to two parts as under:

**1. Part I:** First 12 months form the date of issue of work order.

**2. Part II:** Succeeding period i.e., the period after the first 12 months.

No escalation will be payable for work carried out during the period under **Part I** (first 12 months period) and the work executed during the succeeding period i.e., the period under **Part II** only escalation of rates as per ALC wages will be paid.

#### **8.3.7 Employer's and Contractor's Risks (Source: Model Contract document) Employer's Risks**

The Employers risks are

- (a) In so far as they directly affect the execution of the Works in the country where the Permanent Works are to be executed:
  - (i) War and hostilities (whether war be declared or not), invasion, act of foreign enemies;
  - (ii) Rebellion, revolution, insurrection, or military or usurped power, or civil war;
  - (iii) Ionizing radiations, or contamination by radioactivity from any nuclear fuel, or from any nuclear waste, from the combustion of nuclear fuel, radioactive toxic explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof;
  - (iv) Pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds; and
  - (v) Riot, commotion or disorder, unless solely restricted to the employees of the Contractor or of his Subcontractors and arising from the conduct of the Works;
  - (vi) Floods, tornadoes, earthquakes and landslides
- (b) Loss or damage due to the use or occupation by the Employer of any Section or part of the Permanent Works, except as may be provided for in the Contract;

(c) Loss or damage to the extent that it is due to the design of the Works, other than any part of the design provided by the Contractor or for which the Contractor is responsible; and  
(d) Any operation of the forces of nature (in so far as it occurs on the Site) which an experienced contractor:

- (i) Could not have reasonably foreseen, or
- (ii) Could reasonably have foreseen, but against which he could not reasonably have taken at least one of the following measures:

(A) Prevent loss or damage to physical property from occurring by taking appropriate measures, or (B) Insure against.

**Contractor's Risks :**

All risks of loss of or damage to physical property and of personal injury and death which arise during and in consequence of the performance of the Contract other than the excepted risks are the responsibility of the Contractor.

**8.3.8 Eligibility Criteria:**

**8.3.8.1 Works Contracts:**

It is necessary to incorporate the Eligibility criteria (qualification requirements in the N.I.T., firstly, for information of the bidders to enable them verify conformity of their own credentials with the qualifying requirements before quoting for the work, and secondly, as a basis for the department for pre-qualifying the bidders for the particular work.

The Eligibility Criteria shall comprise of:

**A) Experience:** The tenderer has to submit proof of experience in executing similar nature of works including period of delay if any, experience in having successfully completed similar works during last 7 years ending last day of month previous to the one in which applications are invited should be 3 (three) similar completed works each costing not less than 40% of the estimated amount put to tender (or) 2 (two) similar completed works each costing not less than 50% of the amount put to tender or 1 (One) similar completed work not less than 80% of the amount put to tender.

**NOTE:** Similar nature of works means:

The works similar to the once intended in the tender for off-loading the particular job involving execution / maintenance etc. works of Mechanical, Electrical & Electronics engineering natures individually / combinely and the experience shall comply with works of similarity as mentioned in the tender document, executed in any Govt. Depts. / Ports / PSUs / PPP Projects or in any other Private Enterprises having suitable turnover etc..

**B) Turnover:** The tenderer has to submit details of average annual turnover of not less than 30% of amount put to tender during the last 3 years ending 31st March of the previous

financial year issued by any Chartered Accountant, otherwise their tender will not be opened.

**C) Solvency:** The tenderer has to submit solvency certificate issued by Nationalised Bank/Scheduled Bank for a value as under, obtained within one year and which is valid as on the date of submission of tender, otherwise their tender will not be opened.

| <b>Value of Work Put Tender</b> | <b>:</b> | <b>Solvency Certificate</b> |
|---------------------------------|----------|-----------------------------|
|---------------------------------|----------|-----------------------------|

|                                |   |             |
|--------------------------------|---|-------------|
| i. Up to 2.00 lakhs            | : | 0.75 lakhs  |
| ii. 2.00 lakhs to 5.00 lakhs   | : | 1.50 lakhs  |
| iii. 5.00 lakhs to 35.00 lakhs | : | 6.00 lakhs  |
| iv. 35.00 lakhs to 1 Crore     | : | 10.00 lakhs |
| v. More than 1.00 Crore        | : | 50.00 lakhs |

**D) Registration:** Proof of registration as a registered contractor with Govt./PSU or with Visakhapatnam Port Trust or other organization is not to be treated as an eligibility criteria.

**E)** The tenderers will be short listed based on the information regarding qualification criteria such as experience in similar nature of works, turnover, solvency, plant and machinery to be deployed on the work.

#### **8.3.8.2 Maintenance Contracts:**

As the 'Maintenance contracts' extend for longer duration the requirements with regards to (A) Experience (B) Turnover and (C)Solvency may be reckoned with reference to average annual cost of work put to tender i.e. Total Value

No. of years

#### **8.3.9 JOINT VENTURE: (For works costing more than Rs.5.00 Crores only)**

Joint venture partners would be limited to three (including the lead partner) with at least 26% equity holding for each member. One of the partners, who is responsible for performing key function in the contract management or is executing major component of the proposed contract, shall be nominated as being in charge during the bidding period and in the event of a successful bid, during contract execution. The partner in charge shall be authorised to incur liabilities and receive instructions for and on behalf of any and all partners of the joint venture, this authorisation shall be evidenced by submitting registered power of attorney signed by legally authorised signatories of all the partners.

All partners of the joint venture shall be liable, jointly and severally, during the bidding process and for the execution of the contract in accordance with contract terms, and a statement to this effect shall be included in the authorisation as above. The bid shall be signed so as to legally bind all partners, jointly and severally.

Joint ventures must comply with the following requirements:



The joint venture must satisfy collectively the eligibility criteria as described in this section. For this purpose, the following information of each member of the joint venture may be added together to meet the collective eligibility criteria:

- (i) Average Annual Turnover
- (ii) Particular Field / Work Experience
- (iii) Capacity of key Personnel
- (iv) Ability to own / lease relevant equipment
- (v) Financial capacity

Each JV partner including the lead partner shall meet not less than 26% of the following criteria:

- (i) Average Annual Turnover
- (ii) Particular Field / Work Experience
- (iii) Financial capacity

All the partners together shall satisfy 100% of the criteria.

A copy of the joint venture agreement (JVA) specific to this project, if entered into by the partners shall be submitted with the Bid. Alternatively, a letter of intent to execute a JVA in the event of successful bid shall be signed by all partners and submitted with the bid. In any case, it is mandatory that a JV agreement is entered into before award of the work.

Pursuant to the foregoing, the JVA shall include among other things, the joint venture's objectives, the proposed management structure, the contribution of each partner to joint venture operation, the commitment of the partners to joint and several liability for due performance, recourse /sanctions with in the joint venture in the event of default or withdrawal of any partner and arrangements for providing the required indemnities.

#### Consortium:

Bidders can exercise an option in participating by forming joint venture / consortium with Indian / overseas firm but not more than 3 firms who shall be accepting obligation under contract by jointly and severally (joint venture / consortium conditions stipulated above).

#### Indian subsidiary:

If any overseas company is having fully owned subsidiary company in India. Indian subsidiary companies can participate in the bidding. However the principal (holding 100% shares of subsidiary company) shall guarantee for all commitments of the subsidiary company in this case the experience and financial status of the principal company will be considered. A copy of notarized legal agreement between Indian subsidiary firm and their principal firm to be enclosed.

### 8.3.10 Acceptance / Rejection Criteria:

Offers are liable for rejection in the following cases:

- a Offers from Company/Firm whom business has been banned by Govt. / PSUs
  - b Non-submission of the documents required to be submitted along with the tender
  - c Non-fulfilment of the Eligibility criteria.
  - d Poor/unsatisfactory performance in respect contracts undertaken in VPT in the past and those in progress.
- Non-fulfilment of any other tender requirements/conditions

### 8.3.11 Bid Validity Period:

The recommended time-frame for processing of tenders is given at 3.14 for ready reference. It is noted from the same that the time required for processing tenders is less than 120 days except in the case of major works of specialized nature and in the case of global tenders.

Accordingly the time limits are considered as under:

- (i) All cases except works of specialized nature and global tenders, the validity period of offers will be 120 days.
- (ii) In respect of works of specialized nature and in the case of global tenders, a validity period of 180 days is generally considered adequate, excluding the time required for pre-qualification where necessary.

### 8.3.12 Approval of Tender Documents

Once the draft Tender papers are Prepared and scrutinized at various levels, technical approval is to be accorded as under:

- a. C.M.E : above Rs. 50 lakhs
- b. Dy.C.M.E / S.M.E : above Rs. 30 lakhs to 50 lakhs
- c. S.E / ME (P) : above Rs. 10 lakhs to 30 lakhs
- d. EXE / ME : up to Rs. 10 lakhs

However, in the case important tender documents such as Global tenders etc. approval of the Board may be obtained where considered necessary.

### 8.3.13 Time limit for Processing of Tenders:

In order to encourage keen competition sufficient time shall be allowed between the due date of publication of Tender Notice and the due date for submission of tenders.

### 8.3.14 Time Limit for Processing Tenders:

| Sl. No | Description of event                         | Up to 2 Lakhs | Above 2 Lakhs (e- procurement) | For specialised Tenders such as Major works | Special global Tenders |
|--------|--|---------------|--------------------------------|---|------------------------|
| 1      | 2  | 3             | 4                              | 5   | 6                      |
| 1      | Publication of Tender Notice after obtaining | 3 days        | 8 days                         | 8 days                                      | 8 days                 |

|    |   |         |         |          |          |
|----|---|---------|---------|----------|----------|
|    | approval of competent Authority for calling tenders   |         |         |          |          |
| 2  | Pre-bid meeting with all short listed tenderers.  | ---     | ---     | 10 days  | 10 days  |
| 3  | Opening of Tenders from the date of publishing of tender documents.   | 14 days | 21 days | 30 days  | 60 days  |
| 4  | Evaluation of technical bids, duly indicating all terms and conditions, obtaining performance reports and putting up office note. | ---     | 7 days  | 25 days  | 25 days  |
| 5  | Obtaining clarifications from the tenderers regarding conditions  | ---     | ---     | 10 days  | 10 days  |
| 6  | Tender Committee meeting for short listing the tenders and preparation of Minutes.  | ---     | 5 days  | 10 days  | 10 days  |
| 7  | Inform short-listed firms and opening of price bids   | ---     | 3 days  | ---      | ---      |
| 8  | Evaluation of price bids received, preparation of comparative statement   | 2 days  | 1 day   | 10 days  | 10 days  |
| 9  | Tender Committee meeting for recommendations  | 2 days  | 3 days  | 7 days   | 7 days   |
| 10 | Processing T.C.P. and forwarding the proposal   | 5 days  | 5 days  | 15 days  | 15 days  |
| 11 | Administration Sanction   | 7 days  | 7 days  | 22 days  | 22 days  |
| 12 | Issue of L.O.I / work order after receipt of sanction   | 5 days  | 7 days  | 7 days   | 7 days   |
|    |   | 38 days | 67 days | 154 days | 184 days |

### 8.3.15 EMERGENCY WORKS:

a) In order to execute various emergency works up to the value of Rs.50,000/- sealed quotations may be called for by bearer enquiry (Single Cover) system from minimum 3 nos. local experienced firms after preparation of estimate and obtaining approval by HOD (without financial vetting) and the work order to be released on L-1 firm by the concerned authority after having been approved by the HOD.

b) Other emergency works which are exceeding Rs. 50,000/- value but, within Rs. 2 Lakhs for those works a formal estimate sanction by the HOD (without financial vetting) is to be obtained and short tender bearer enquiry may be resorted to in single cover system from 3 to 5 local experienced firms to avoid delay in finalization of the Tender / Work. The sealed quotations received from the firms are to be opened by Tender committee comprising of two officers i.e. one officer from concerned division and one officer nominated by F.A Department. Thereafter a U.O.Note is to be processed for obtaining sanction of HOD with financial vetting for awarding of the work to L-1 firm.

### 8.3.16 SHORT TENDERS:

For execution of various works of urgent nature, tenders with short due date can be resorted to for lower value works up to Rs. 5 Lakhs with the prior approval of concerned HOD, duly justifying the reason for short due date tendering.

### 8.3.17 Scale of charges for sale of Tender Documents:

The following shall be the Transaction fee to be paid by the intending bidders for the cost of tender schedules/papers

| Sl. No. | Tender Schedule                        | Existing Rate (inRs.) |
|---------|--|-----------------------|
| 1       | Up to Rs.1.00 Lakh                     | 100                   |
| 2       | Above Rs.1 Lakh and upto Rs.3 Lakhs    | 200                   |
| 3       | Above Rs.3 Lakhs and upto Rs.25 Lakhs  | 400                   |
| 4       | Above Rs.25 Lakhs and upto Rs.50 Lakhs | 500                   |
| 5       | Above Rs.50 Lakhs and upto Rs.1 Crore  | 1000                  |
| 6       | Above Rs.1 Crore                       | 1500                  |

Reference: Letter No. EE (CP) /Tenders/MISC/Pt.II/365 dated 26.9.02 of CEVPT.

Authorities competent to approve Tender Notice have got the discretion to add to the prices mentioned above any additional cost of drawings to be supplied along with tender of documents depending on the cost / labour actually involved in their preparation.

In case it is not possible to supply to the tenderers full set of drawings with each set of tender documents for the purpose of bidding, relevant plans and drawings shall be kept in the divisional office / office of M&EE Department for study by the tenderers.

#### **8.4.0 RECEIVING, OPENING, EVALUATION OF BIDS AND AWARD:**

##### **8.4.1 FOR WORKS WITH ESTIMATED COST MORE THAN Rs. 2 LAKHS:**

**e- TENDERING** (Online bidding):

##### **(i) NOTICE INVITING TENDERS:**

a) Press Tender Notice: (Short form) (See 3.1 (i))

Shall include the following:

1. Tender Id
2. Name of the work
3. Estimated cost
4. EMD
5. Transaction fee
6. Bid document downloading end date
7. Contact details

b) Tender Notice in website: (Detailed)

##### **e-procurement - NOTICE INVITING TENDERS (NIT)**

- |  |   |  |
|--|---|--|
| 1. Organisation                            | : |  |
| 2. Department                              | : |  |
| 3. NIT number                              | : |  |
| 4. Name of work                            | : |  |
| 5. Internal bench mark                     | : |  |
| 6. Period of completion                    | : |  |
| 7. Form of contract                        | : |  |
| 8. Tender type                             | : |  |
| 9. Tender category                         | : |  |
| 10. Bid call no.                           | : |  |
| 11. Type of quotation                      | : |  |
| 12. Transaction fee payable to             | : | F.A.&C.A.O./VPT, payable at<br>Visakhapatnam |
| 13. Solvency                               | : |  |
| 14. EMD amount                             | : |  |
| 15. EMD/bid security payable to            | : |  |
| 16. Bid document downloading<br>start date | : |  |

|   |   |
|---|---|
| 17. Pre-bid meeting                           | : |
| 18. Bid document downloading<br>end date      | : |
| 19. Last date and time for receipt<br>of bids | : |
| 20. Bid validity                              | : |
| 21. Technical bid opening date                | : |
| 22. Officer inviting bids                     | : |
| 23. Bid opening authority                     | : |
| 24. Address                                   | : |
| 25. Contact details                           | : |

## **(ii). ACCESS TO WEB PORTAL/ BID DOCUMENT :**

### **a) Access to the web portal:**

The bidders who intend to participate in the bid can do so by logging in to the e-procurement platform of VPT (<http://vpttenders.gov.in>), in secure mode only, by signing with the digital signature, after fulfilling the formality of registration. The registration is free of cost.

The digital signature certificate can be obtained from one of the authorized certifying authorities, such as SIFY ([www.safescrypt.com](http://www.safescrypt.com)) / TATA CONSULTANCY SERVICES ([www.tcs.ca.tcs.co.in](http://www.tcs.ca.tcs.co.in)) / n code ([www.ncodesolutions.com](http://www.ncodesolutions.com)) etc.

### **b) Bid document:**

The particular document can be downloaded only after the prescribed time and date, for downloading, as stipulated in the Tender Notice.

## **(iii) SUBMISSION OF BIDS:**

a. Each Tenderer shall submit only one Tender for the work. A Tenderer who submits more than one Tender will cause disqualification of all the Tenders submitted by the Tenderer.

### **b. Standard format:**

The bidders who intend to participate shall submit their bids as per the standard formats available in the website.

### **c. Transaction Fee and E.M.D:**

The 'transaction fee' is towards the cost of bid document and the same is non-refundable.

The E.M.D. is towards bid security and is therefore to be refunded to all the unsuccessful bidders after the bid validity period stipulated in the bid document.

The prescribed transaction fee and E.M.D. shall be paid through Demand Draft or in the form of Bank Guarantee.

Submission of EMD & Performance Security is not necessary for a contract value up to Rs. 1 lakh (Rupees One Lakh only)

(Reference: CME's letter No: ICME / MOF / Tenders, dated 18.08.2009.)

Micro & Small Enterprises registered with NSIC & Ministry of MSME with adequate monitory limits are exempted from payment of Tender cost and EMD amount for participating in VPT tenders for the execution of works / AMC works / Service Contracts

**d. Mode of Submission of bid:**

The bid shall be submitted (by the bidders), online, by uploading the same into the VPT tender site, by the due date and time prescribed in the tender notice.

The bidder shall authenticate his bid with his digital signature certificate. Bids not authenticated accordingly will not be accepted.

Scanned copies of the following documents shall also be uploaded along with the bid:

- i. Transaction Fee
- ii. E.M.D.
- iii. Document in support of registration for on line bidding
- iv. Solvency Certificate, issued by the bank, in accordance with the stipulations in the tender notice
- v. Experience and other certificates as required in the eligibility criteria.

**e. Last date / time for Submission of the Tenders.**

a. Tenders must be submitted not later than the date and time specified in NIT. In the event of the specified date / time for the submission of bids declared as holiday, the bids will be opened on the next working day.

b. The Chief Mechanical Engineer, VPT, may extend the dates for issue and receipt of Tenders by issuing an amendment at the sole discretion of VPT.

**(iv) Modification to the Tender:**

No Tender can be modified after the last date /time of submission of Tenders.

**(v) Submission Of Original Demand Drafts:**

The original demand drafts in support of payment of Transaction Fee, and the original demand draft/ bank guarantee towards E.M.D. shall be submitted by the bidders to the nominated officer before the due date and time of opening the bids.

**(vi). Pre-Bid Meeting:**

In large turn-key contracts or complicated equipment, where only written specifications may not clarify the situation, the department / tender committee may hold pre-bid technical discussions with the intending tenderers, on the date intimated to the bidders, so that all the technical points are clarified to all the tenderers at on point of time. It is also possible that the bidders may be able to give extra information regarding the technical developments, and the same can be considered if so desired by the department/tender committee.

If modifications in the technical and other conditions in the tender document become necessary on the basis of the above discussions, the tender documents need to be revised by the department and the revised documents will be uploaded to tender portal as an amendment to the original bid. The same shall form part of the tender document and hence, the intending bidders shall go through verify the amendments etc., before submitting the bids.

**(vii). Opening of bids:**

**a. Technical Cover/Bid (Cover I):**

On the due date and time for opening of bids, only Cover I containing the technical bid of all the bidders will be opened by the nominated Tender Committee.

The Committee will download and go through the documents submitted by the bidders in support of their eligibility, with reference to the eligibility criteria stipulated in the bid document, and determine the number of qualified bidders.

Thereafter, the list of both qualified and unqualified bidders will be displayed in the web site. Even though the Tenderers meet the qualifying criteria, they are liable to be disqualified /debarred /suspended / blacklisted if they have:

- Furnished false / fabricated particulars in the forms, statements and / annexures submitted in proof of the qualification requirements and/or
- Not turned up for entering into agreement, when called upon.
- Record of poor progress such as abandoning the work, not properly completing the contract, inordinate delays incompleteness, litigation history or financial failures etc. and / or
- Participated in the previous bidding for the same work and had quoted unreasonably high item rate and

**Clarification on the Technical Bid:**

a) The tender opening authority may elicit any clarification from the Tenderer / Bidder on the statements, documentary proof relating to the technical bid. The request for clarification and response thereto shall be in writing and it shall be only on the qualification information furnished by the Tenderer. The clarification called for shall be furnished within the stipulated time, which shall not be more than a week.



b) In the event of failure to furnish the information as above, the bidder will be liable for disqualification.

**b. Financial Cover/Bid (Cover II):**

Once the above process is completed, the financial covers (Cover II) of all the eligible bidders will be opened.

**(viii). Bid evaluation:**

The financial bids of all the short-listed bidders will be tabulated by VPT and the bids are arranged in the ascending order with reference to the amounts quoted, and are marked as L1, L2, L3...etc., L1 being the lowest bidder. The tender percentage above/below the estimated amount put to tender will be indicated against each.

**(ix) Extension in case of Single offer:**

After knowing the response, if single bid received, time for opening the bid can be extended by 7 days or more for better competition for works costing more than Rs.10 lakhs. In case of Nil response even after extension of time single tender can be opened and processed further.

**(x) Acceptance of Single bid:**

There are occasions when only a single bid is received, in such situations, the bid date may be extended by 7 days to elicit more competition for works costing more than Rs.10 lakhs. In spite of the above measure, still a single bid emerges; the same need not be passed over. The bid can be recommended for acceptance, when the tender percentage is within  $\pm 10\%$  without the need for examining price reasonability. Beyond  $+10\%$  the reasonability of price is to be examined and recommendations made accordingly.

**8.4.2 For Works With Estimated Cost < Rs. 2 Lakhs**

**(i) NOTICE INVITING TENDERS (NIT): on website**

- |   |   |
|---|---|
| 1. Name of work                                   | : |
| 2. Estimated Cost                                 | : |
| 3. EMD  | : |
| 4. Cost of Tender Papers (Non-refundable)         | : |
| 5. Last date of request for tender papers of bids | : |
| 6. Last date for issue of tender papers           | : |
| 7. Date and Time for receipt of tender            | : |

**(ii) Submission of bids**

a) The bids shall be received and opened on the particular date, time and venue specified in the NIT and tender documents.

- b) A Tender Box, to enable the tenderers drop their tenders shall be kept at the location specified in the Tender documents, well before the due date and time for receipt of tenders. The Box shall be sealed promptly after the time for receipt of the tenders has elapsed.
- c) If the date of receiving and opening happens to be a public holiday, the bids will be received and opened on the next working day at the same time and venue.

**(iii) Late bids**

Tenders received after the due date and time cannot be entertained.

The fact that the late bids are liable for rejection shall be mentioned in the Tender documents under “Special Instructions to tenderers”. It shall also be mentioned therein that VPT shall not be responsible for any Postal delay.

**(iv). Opening of bids**

In all cases, the bids are to be opened in the presence of the bidders or their authorized representatives present at the time of opening, duly obtaining their signatures in the tender register.

**(v). Bid Evaluation**

- The price-bids of the short-listed bidders (opened by the Tender Committee in the presence of the bidders/representatives) are tabulated by the department, to arrive at the lowest bidder (L1). While tabulating the offers, discrepancies in the rates quoted in figures and words, discrepancy in the amount worked out etc., are dealt with as per the specific provisions of the tender.
- The net bid amount is sum total of the amounts of the various items of Work Schedule and the evaluated financial equivalent of the conditions stipulated by the contractor duly taking into account rebate if any offered by the bidders either in the main cover or intimated separately before opening the price bids.
- Conditional rebates should not be considered for evaluation.

**8.5 NEGOTIATIONS:**

**8.5.1 Avoidance of Negotiations:**

The following are CVC guidelines: (As per Circular No.4/3/07 dt. 3<sup>rd</sup> March 2007)

- (i) As post tender negotiations could often be a source of corruption, it is directed that there should be no post-tender negotiations with L-1, except in certain exceptional situations. Such exceptional situations would include procurement of proprietary items; items with limited sources of supply and items where there is suspicion of a cartel

formation. The justification and details of such negotiations should be duly recorded and documented without any loss of time.

ii) In cases where a decision is taken to go for re-tendering due to the unreasonableness of the quoted rates, but the requirements are urgent and a re-tender for the entire requirement would delay the availability of the item, thus jeopardizing the essential operations, maintenance and safety, negotiations would be permitted with L-1 bidder(s) for the supply of a bare minimum quantity. The balance quantity should, however, be procured expeditiously through a retender, following the normal tendering process.

(iii) Negotiations should not be allowed to be misused as a tool for bargaining with L-1 with dubious intentions or lead to delays in decision-making. Convincing reasons must be recorded by the authority recommending negotiations. Competent authority should exercise due diligence while accepting a tender or ordering negotiations or calling for a re-tender and a definite timeframe should be indicated so that the time taken for according requisite approvals for the entire process of award of tenders does not exceed one month from the date of submission of recommendations. In cases where the proposal is to be approved at higher levels, a maximum of 15 days should be assigned for clearance at each level. In no case should the overall timeframe exceed the validity period of the tender and it should be ensured that tenders are invariably finalized within their validity period.

(iv) As regards the splitting of quantities, some authorized have expressed apprehension that pre-disclosing the distribution of quantities in the bid document may not be feasible, as the capacity of the L-1 firm may not be known in advance. It may be stated that if, after due processing, it is discovered that the quantity to be ordered is far more than what L-1 alone is capable of supplying and there was no prior decision to split the quantities, then the quantity being finally ordered should be distributed among the other bidders in a manner that is fair, transparent and equitable.

It is essentially in cases where the authorized decide in advance to have more than one source of supply (due to critical or vital nature of the item) that the Commission insists on pre-disclosing the ratio of splitting the supply in the tender itself. This must be followed scrupulously.

(v) Counter-offers to L-1, in order to arrive at an acceptable price, shall amount to negotiations. However, any counter-offer thereafter to L-2, L-3, etc., (at the rates accepted by L-1) in case of splitting of quantities, as pre-disclosed in the tender, shall not be deemed to be a negotiation. In case L-1 backs-out, there should be a re-tender.

### **8.5.2 Acceptance of Rebates:**

As the Price-bids are to be opened only in respect of contractors who successfully qualify after being scanned through the Rejection Criteria, before opening the Price-bids, the criteria only for evaluation of price-bids will be 'Equitable Basis'. From the above considerations, the following "Evaluation Criteria" shall be incorporated in the tender documents:

a If a tenderer offers a rebate unilaterally after the closing date and time of the tender, it will not be taken into account for evaluating purposes. But if the tenderer emerges as the lowest evaluated, the rebate will be taken into account for arriving at the net bid amount for award of work.

b Conditions involving financial implications, if any, shall be submitted in Cover-I and not in Price-bid to enable assessment of financial implications before opening Price-bid, Conditional rebates offered as part of the price-bid or otherwise will not be taken into account for evaluation.

### **8.6 TENDER COMMITTEE PROCEEDINGS:**

Based on the evaluation of bids as described above the Tender Committee makes its recommendations for acceptance/rejection of the offer of L1 and forward the same to the Chief Mechanical Engineer for further process for orders of the Competent Authority.

The basis for recommendations of the T.C. will be the tender percentage. If the offer of L1 is within  $\pm 10\%$  of the estimated value, the same can be recommended for approval. In case of tender percentage exceeding  $+10\%$ , the reasonability is to be examined before rejection.

**Additional Security Deposit :** In case, the successful bidder quotes less than 25% estimate cost put to tender, additional Security deposit in the form of Demand Draft / Bankers Cheque / Bank Guarantee (as applicable) shall be obtained from the bidder before awarding the work for an amount equal to the difference between quoted percentage and limit of  $-25\%$ . However, additional security deposit shall be to a maximum of 10% of the estimated cost put to tender only.

For Example: In case, bidder quoted value is  $-28\%$ , the additional SD to be paid by the bidder will be 28-25 i.e., 3% of the estimate cost put to tender.

#### **8.6.1 Process to be Confidential:**

a) Information relating to the examination, clarification, evaluation and comparison of Tenders and recommendations for the award of a contract shall not be disclosed to Tenderers or any other persons not officially concerned with such process until the award to the successful Tenderer has been announced by the tender accepting authority. Any effort by a Tenderer to influence the processing of Tenders or award decisions may result in the rejection of his Tender.

b) No Tenderer / Bidder shall contact the Superintending Engineer / Executive Engineer or any individual or authority concerned with finalization of tenders on any matter relating to tender from the time of the Tender opening to the time the Contract is awarded. If the Tenderer wishes to bring additional information to the notice of the Superintending Engineer, he/she should do so in writing.

c) Before recommending/accepting the tender, the tender recommending / accepting authority shall verify the correctness of certificates submitted to meet the eligibility criteria and specifically the experience.

d) Tenders will be finalized by the Sr. tender committee of VPT according to the powers vested with them.

If the offered price quoted by a tenderer is found to be either abnormally high or within the permissible ceiling limits prescribed but under collusion or due to unethical practices adopted at the time of bidding process, such bids shall be rejected.

A tenderer/Bidder submitting a Tender or Bid which the tender accepting authority considers excessive and or indicative of insufficient knowledge of current prices or definite attempt of profiteering will render himself liable to be debarred permanently from tendering or for such period as the tender accepting authority may decide. The tenderer rates should be based on the controlled prices for the materials, if any, fixed by the VPT or the reasonable prices permissible for the tenderer to charge a private purchaser under the provisions of clause-6 of the hoarding and profiteering prevention ordinance of 1943 as amended from time to time and on similar principle in regard to labour supervision on the construction.

The successful bidder found defaulting in submission of hard copies of uploaded certificates / documents; within the stipulated time i.e. before concluding the agreement or if any variation is noticed between the uploaded documents and the hard copies submitted by the successful bidder, the successful bidder will be suspended from participating intenders on e-Procurement platform for a period of three years.

## **8.7 Approval of Competent Authority:**

### **8.7.1 Works above 2.00 lakhs:**

The acceptance of the tender rests with the Competent Authority delegated with powers under relevant section of the Major Port Trusts Act, 1963.

The delegation of power as per Section 34 of MPT Act is as under

|                              |   |                 |
|------------------------------|---|-----------------|
| 1. Board                     | : | Full Powers     |
| 2. Chairman                  | : | Rs.10.00 Crores |
| 3. Dy.Chairman               | : | Rs.5.00 Crores  |
| 4. Chief Mechanical Engineer | : | Rs.1.00 Crore.  |

The financial limits for Chairman, Dy.Chairman and HOD are with reference to the total size of the contract which may include budgetary support, internal resources, loan etc. and it is part of the scheme approved.

**8.7.2 Works up to 2.00 lakhs :** **Chief Mechanical Engineer** is the competent Authority for approval.

**8.8 Award of Work & Signing of Agreement:**

All the agreements of value up to Rs. 1 Crore, are to be signed by the concerned HOD and sent for affixing Board seal.

PPP project agreements : Secretary as Attorney of the VPT Board or Dy. Secretary as Alternative Attorney of the VPT Board.

**8.8.1 The Work Order shall contain the following:**

- Make clear reference to the L.O.I. issued.
  - Contract price accepted.
  - Time for completion of the work.
  - The Officer to be contacted for carrying out the work.
  - The permissions that are to be obtained before commencement of work.
  - Furnishing detailed programme of work
  - Recoveries towards VAT, Income Tax, etc., made at source as per Government directives.
  - Time limit for entering into agreement along with proforma.
  - Requirements of Security Deposit and Performance Guarantee.
  - List of all correspondence exchanged between the contractor and VPT till award of work.
  - Important aspects (as agreed to), if any, required to be highlighted.
  - Payment of P.F contribution as required to contract labour Care shall be taken while highlighting any tender provision in the W.O., to ensure that there is no deviation between the W.O. and the agreed provisions lest it would not constitute a dispute at a later date.
- From this consideration, it is desirable to desist from repeating any contract provision in the W.O. unless deemed very essential.

**8.9 Consultancy Services:**

Government of India vide its letter dated 31-08-2006 brought out “Manual of policies and procedure of employment of Consultants”. The same is to be followed. The information given here under is based on the same.

**1. Scope of Consultancy Services:**

**A) The consultancy services for M&EE. Dept. include the following:**

- (i) Preparation of Pre-Feasibility Reports for Projects
- (ii) Preparation of Detailed Project Reports
- (iii) Detailed Engineering for Projects
- (iv) Pre-dispatch Inspection (3rd Party Inspection) of Marine fixtures, fenders, bridge bearings etc.
- (v) Planning and Design of Fire Fighting Facilities at Cargo Handling Yard/Berth.

**(B) Definition of Consultant:**

The term “Consultant(s)” means “Consulting firm(s)”, individual consultants being excluded unless otherwise explicitly stated.

**(C) Procedure for selection and employment of Consultants:**

**1. Preparation of Terms of Reference (TOR):**

The terms of Reference shall include the following:

- Information on the back ground of the project
- Probable cost and duration of the project  
Funding agency if applicable
- Scope of the consulting services in detail including the need for exploring alternatives
- Information on the availability of basic data (maps, drawings, hydrological and subsoil data, facilities available etc.)

**2. Short-listing of Consultants:**

The consultants are to be short-listed by calling for ‘Expression of Interest’ (EOI) duly furnishing scope of work, the Qualification requirements (Eligibility Criteria), procedure for submission of EOI proposals. The qualification requirements include:

- Detailed company profile of the Organization/firm
- Financial statement of the Organization/firm of previous years as required
- Credentials of similar projects under taken including works on hand
- Experience in the requisite area of expertise
- One page summary of each project undertaken during the previous years under consideration (say last 5 years)
- Details of technical staff and administrative staff with bio-data of key personnel
- Any other relevant information

The EOI documents in the required format including the application in the required proforma should prepared and be made available to the interested consultants by sale on payment of the prescribed cost, simultaneously making it accessible in the VPT web-site.

The EOI document should also indicate the Short-listing Criteria which may be as under:

- |   |   |     |
|---|---|-----|
| a. Past Experience of the firm          | : | 60% |
| b. Experience of Key Personnel          | : | 25% |
| c. Financial Strength of the Consultant | : | 15% |

\* The relative proportioning can be reviewed depending on the type of consultancy service and the source of project funding and their guidelines.

The above three group factors of each applicant will be compared with a predetermined set of minimum values. To be qualified the applicant should attain at least the minimum value for each group. This minimum value can be 75% for each group.

applicant's experience will be judged through the projects executed of similar nature, size and site conditions, and performance on projects etc.

The applicant's financial capacity will be judged on the basis of turnover/income from consultancy services, net worth, value of unfinished portions of current consultancy services and available credit.

The applicant's technical capability will be judged through resources of the firm in respect of personnel experienced in the field. The Curriculum Vitae of the Key personnel to be associated with the project is to be furnished along with the EOI document.

VPT should reserve the right to short-list or not to short-list any or all of the applicants or to scrap out the entire process without giving any reason. The same should be mentioned in the EOI document.

### **3. Invitation to submit proposals:**

Invitations, for submission of proposals, have to be sent to the shortlisted consultants, asking them to collect the bidding documents from the Office of the Chief Engineer, VPT on payment of the cost of the documents. The bidding documents may also be made accessible in the VPT internet Web-site to facilitate downloading of the documents by those who wish to use the downloaded documents for submission of the offer.

In such cases the receipt/D.D. towards cost of bidding documents can be closed while submitting the bidding documents.

The bidding documents shall include:

- Details of the project including back ground information
- Terms Of Reference (TOR)
- Payment terms
- Bill of Quantities (price-bid)
- Stipulation that the selection procedure will be based on Quality of proposal (approach and methodology) that has to be enclosed to the bid
- Procedure for submission of the bidding documents. The bidding documents may be in two-cover system so that the technical and commercial conditions, if any, can be evaluated first before opening the price bid.
- Date and time of submission/opening of the bids



The amount of EMD to be enclosed to the documents and the last date and time of and the date and time of the opening of the bidding documents shall be intimated in the invitation itself.

In case of Global tenders, since it is advisable that consultants invited to submit proposals be able to visit the country and the project before submitting their proposals, the invitation shall allow sufficient time from the date of mailing the letter of invitation to the last date for submission of the proposal.

#### **8.4. Evaluation of proposals:**

The evaluation shall be based on the quality of the proposal (methodology and approach) as well as on the price quoted as under:

##### **(A) Technical:**

| Details  | Max.marks |
|--|-----------|
| 1. Experience of the firm                              | 20        |
| 2. Methodology, work plan and understanding of TOR     | 25        |
| 3. Suitability of the key personnel for the assignment | 45        |
| 4. Capability for transfer of knowledge/ Training      | 10        |
| Total  | 100       |

The minimum score to be obtained by any firm in technical evaluation for being qualified for opening of the price bid shall be 60 %.

##### **(B) Financial (Bid):**

The L1 becomes the successful bidder (For details reference is invited to Govt. of India Manual)

##### **5. Appointment of Consultant:**

Approval of Competent Authority is to be obtained for appointment of consultants, as per Delegation of Powers.

#### **8.10 Procedure for Global Tenders:**

1. Global tenders may be invited in case of Major Marine / Project works.
2. The advertisement shall be given in all leading newspapers and in the VPT internet website, specifying as GLOBAL ENQUIRY. It is also desirable to publish Indian Export Service Bulletin. In case of global enquiry, an abridged version of the enquiry may be sent to the Embassies of the countries.
3. The Qualification requirements and brief scope of work to be furnished in the Notice Inviting Tender.

4. The bid documents shall include background information on the work and environmental data for the information of the bidders. Besides the bidders may be invited to visit the site of work to acquaint with the site conditions, before submission of offers.
5. In case of involving Foreign Exchange, for comparison of bid amounts, the prices shall be converted into single currency (Indian Rupees) and for this purpose; the date that will be considered for conversion should be selected in advance and shall be specifically mentioned in the tender document.
6. In case of reimbursement of Customs Duty, Excise duty, Sales Tax at actuals on production of documentary evidence, the same shall be clearly stated in the bid document.
7. Packing and Forwarding charges shall be borne by the contractor.
8. Payment of Foreign Exchange variation and Statutory in taxes/duties/levies during the contract period shall be specified in the bid document, duly indicating the base date. Also payment of any fresh statutory levies subsequent to the date of opening of the price bids shall also be incorporated in the bid document.
9. The date of opening Letter of Credit (L.C.) to be also mentioned in the bid document.
10. Payment terms applicable to the 'Indian bidders' as also to the 'Foreign bidders' shall be indicated separately.
11. All other conditions as applicable to National Competitive Bidding including Force Majeure and Arbitration clauses shall form part of the bid documents.

#### **8.11.0 Quality Assurance Plan (QAP), Third Party Inspection:**

##### **8.11.1 Quality Assurance Plan (QAP):**

The Quality Assurance Plan, according to which the supplier proposes to test individual parts, sub-assemblies and the total equipment, shall be closed to the tender by the tenderers.

These shall include types of check, Quantum of check, Reference documents and the Agency to test.

These shall be verified by the Department for conformance with the tender requirements in respect of design, specifications and load tests etc. and approved and sent along with the Work order or subsequently without delay.

##### **8.11.2. Need for 3rd party inspection:**

Items like marine works, floating crafts, Electronics & I.T.Equipment, mechanical equipment, electrical panels, cables, lighting high masts etc. are manufactured / at the manufacturer's premises. The physical dimensions, material property, chemical composition, galvanisation etc. and testing of the finished product have to be witnessed and certified. Facilities for such testing may be available only at the manufacturer's premises or at other standard testing

laboratories elsewhere. It may not be possible for VPT engineers to witness the testing of each and every item at manufacturer's premises., or the required expertise may available only with reputed investigating agencies. As such it becomes necessary in such cases to appoint Inspecting agencies for 3rd party inspection by the contractor/supplier himself for uninterrupted execution of the work. Therefore, in such contracts specific stipulation for 3rd party inspection and inspection stages should be incorporated, clearly stating that the rates quoted shall be inclusive of 3rd party inspection, by an agency acceptable to VPT such as IRS, Lloyds etc. depending on the type of work. Such a requirement may be included in **the “Special Instruction to the Tenderer”** or in the **“Preamble to the Bill of Quantities”** to draw specific attention of the tenderer before quoting for the work.

#### **8.12 Procurement from D.G.S & D registered suppliers:**

As D.G.S&D will enter into rate contracts at attractive prices for a number of items of wide demand, V.P.T. shall maintain the list of items and the parties having D.G.S&D rate contracts, by accessing into their web site, so that items covered by D.G.S&D rate contracts can be procured directly from the listed suppliers which are within the validity period at attractive prices besides saving time in procurement. The prices to be paid shall not exceed those stipulated in the rate contract and other salient terms and conditions of purchase should be in line with those specified in the rate contract.

#### **8.13. Emergency Works on Nomination:**

Up to Rs.1.0 lakh by C.M.E./C.E./D.C, and Rs. 10,00,000/- to Dy. Chairman. Full justification shall clearly specified on every proposal by the concerned department. Vide serial no. 5 of Annexure-B under resolution no. 26/2009/10 of the board of Trustees held on 29.05.2009. (Annexure –8)

# **C H A P T E R I X**

## **CONTRACT MANAGEMENT**



## CHAPTER IX

### CONTRACT MANAGEMENT

This Chapter deals with the Post-award Contract Management.

#### **A. MONITORING:**

1. Implementation of the contract should be strictly monitored and notices issued promptly whenever a breach of provision occurs.
2. The officers concern shall inspect the works regularly and monitor and review progress as per programme submitted. If delays are identified, letters issued promptly to the Contractors for proper action.
3. Abnormally high and low rated and absurdly low rated items:

(in case of item rate Contracts)

Very often it is seen that contractors quote speculative rates with the intention of getting quantities of abnormally high rated items increased and the quantities of abnormally low rated items decreased. This results in undue favour to the contractor and a loss to the organization. For this purpose the market rate estimate is very helpful in pinpointing the abnormally high rated and low rated items.

**It is necessary to keep a close watch on the quantities of such items.**

4. Proper procedure for safe custody and monitoring of Bank Guarantees or other instruments should be laid down. Monitoring should include a monthly review of all Bank Guarantees or other instruments expiring after three months, along with a review of the progress of supply or work. Extensions of Bank Guarantees or other instruments, where warranted should be sought immediately.

- a. The original bank guarantees and confirmation letters, extension of bank guarantees and its confirmation letters should be sent to Accounts department for safe custody.
- b. Bank Guarantees towards Performance Guarantee should be obtained for the full period covering defect liability period of 12 months at the initial stage itself.
- c. In case of need for extension of Bank Guarantee, when the contract is extended, the contractor should be informed at least 2 months before expiry of the Bank Guarantee to get the Bank Guarantee extended for the required period and a copy also to be marked to the bank. In the case the contractor does not act promptly, action for encashment of Bank Guarantee to be initiated with Bank at least 15 days before the due date of expiry.

5. Wherever disputes arise during implementation of a contract, legal advice should be sought before initiating action to refer the dispute to conciliation and/or arbitration as provided in the contract or to file a suit where the contract does not include an arbitration

clause. The draft of the plaint for arbitration should be got vetted by obtaining legal and financial advice. Documents to be filed in the manner of resolution of dispute, if any, should be carefully scrutinized before filing to safe guard government interest.

**(Source: GFR/CVC Guidelines)**

## **B. DEVIATIONS FROM THE TERMS AND CONDITIONS OF THE CONTRACT:**

The terms and conditions of a contract should not be varied without approval of the competent authority. Also, no payment to the contractors by way of compensation or otherwise outside the terms and conditions of the contract, or in excess of the contract rates may be authorized without prior approval of the competent authority. Some of the areas where the contractual terms and conditions are likely to be amended leading to undue advantage to the contractors are as under.

- Granting interest-free advances e.g. Mobilization Advances, Secured Advances, Ad-hoc Advances, Advances for purchase of material etc., when such advances are not permissible under the contract.
- Payment of bonus to Architects and/or Contractors, where such payments are not admissible under the terms of the contract.
- Issue of materials and/or plant and equipment to the contractor when these are not stipulated for issue, and at rates much lower than the prevalent market rates.

## **C. ALTERATIONS IN SPECIFICATIONS AND DESIGNS**

### **1. RATES FOR WORKS NOT IN THE SCHEDULE:**

The Engineer-in-Charge shall have power to make any alteration in omissions, from additions to, or substitutions for the original specifications, drawings, designs and instructions, that may appear to him to be necessary or advisable during the progress of the work and the Contractor shall be bound to carry out the work in accordance with any instructions which may be given to him in writing signed by the Engineer-in-Charge and such alterations, omissions, additions or substitutions shall not invalidate the contract and any altered, additional or substituted work which the Contractor may be directed to do in the manner above specified as part of the work shall be carried out by the Contractor on the same conditions in all respects on which he agreed to do the main work. The time for completion for the work shall be extended in the proportion that the altered, additional or substituted work bears to the original contract work and the certificate of the Engineer-in-Charge shall be conclusive as to such proportion.

## **2. PAYMENT FOR VARIATIONS:**

Variation permitted shall not exceed + 10% of the total contract price.

For items not existing in the Bill of Quantities or substitution to items in the Bill of Quantities, rate payable should be determined by methods given below and in the order given below:

- i) Rates and prices in Contract if applicable plus escalation as per contract
- ii) Rates and prices in the current Schedule of Rates plus ruling percentage.
- iii) Market rates of materials and labour, hire charges of plant and machinery used plus 15 % for overheads and profits of contractor.

For items in the Bill of Quantities but where quantities have increased beyond the variation limits, the rate payable for quantity in excess of the quantity in the Bill of Quantity plus the permissible variation should be:

- i) Rates and prices in contract plus escalation, failing which (ii) or (iii) below will apply
- ii) Rates and prices in the current VPT schedule of Rates plus ruling percentage, in respect of items covered in VPT schedule of Rates.
- iii) Market rates of material and labour, hire charges of plant and machinery used plus 15% for overheads and profits of contractor for items not covered in VPT schedule of Rates.

For such extra work beyond permitted variation, within 14 days of the date of instruction for executing varied work, and before the commencement of such work, notice shall be given either (a) by the contractor to the Employer of his intention to claim extra payment or a varied rate or price, or (b) by the Employer to the contractor of his intention to vary rate or price.

If there is delay in the Employer and the contractor coming to an agreement on the rate of an extra item, rates as proposed by the Employer shall be payable provisionally till such time as the rates are finally determined or till date mutually agreed.

If the Nodal Officer or his nominee decides that the urgency of varying the work prevent a quotation being given and considers not delaying the work, no quotation shall be given and the Variation shall be treated as a Compensation Event.

All increases beyond contract provision shall be taken to the notice of the Chief Engineer before execution of the same.

## **D. INSPECTION OF WORKS:**

Junior Engineer most of the time will be available at site for giving instructions to contractor. AE / EE / SE will also continuously monitoring the performance of the work without any lapse.

## **E. REGISTERS TO BE MAINTAINED**

1. Hindrance Register to record the factors causing stoppage or slowing down of the work.



2. Attendance Registers to record the attendance of contractor's authorized representative/Site Engineer/Supervisor/Technical staff, as per contractual requirement. These registers shall be the basis for levying penalty in case of non-attendance (**applicable for AMC works**).

#### **F. PAYMENT PROCEDURE:**

All payment of works done/material supplied shall be made on the basis of

- Measurement recorded in M.B. signed by the contractor jointly with the measuring Officer, Check-measuring Officer.
- Bill in triplicate prepared and submitted by the Contractor, duly signed by him. The Bills shall be drawn as per the standard proforma. The M.B. and the bill shall be signed by the Measuring Officer not below the rank of Junior Engineer, Check Measuring Officer not below the rank of A.E./A.E.E. and E.E. as the case may be.
- Upon certification by the Engineer as defined in conditions of contract, advance payments as per relevant clauses of contract shall be scrutinized and payment released by the Accounts Department.
- Advance payments against part bills, shall normally be made within seven days of forwarding the bill to the Finance Wing. The balance payments shall be released on scrutiny within the next three weeks, in case of an on-account bill. In case of final bill the time stipulated for clearing the bill should be not more than two months from the date of submission of relevant papers to the Accounts Department.
- Security Deposit (S.D consists of P.G and R.M) shall be released within three months from the date of completion of the maintenance (defect liability) period duly obtaining approval of the Competent Authority as per DOP.

#### **G. THE DELEGATION OF POWERS FOR PASSING OF WORK BILLS AS UNDER:**

|      |                  |   |                    |
|------|------------------|---|--------------------|
| i.   | C.M.E            | : | No limit           |
| ii.  | Dy.C.M.E / S.M.E | : | No limit           |
| iii. | S.E / ME(P)      | : | up to Rs. 30 lakhs |
| iv.  | EXE / ME         | : | up to Rs. 10 lakhs |

#### **H. RELEASE OF BANK GUARANTEES:**

|    |                 |   |                                |
|----|-----------------|---|--------------------------------|
| a. | C.M.E           | : | above Rs. 50 lakhs             |
| b. | Dy. C.M.E/S.M.E | : | above Rs. 30 lakhs to 50 lakhs |
| c. | S.E / ME(P)     | : | above Rs. 10 lakhs to 30 lakhs |
| d. | EXE / ME        | : | up to Rs. 10 lakhs             |

## **I. GUIDELINES FOR RECORDING MEASUREMENTS IN MEASUREMENT BOOK (M.B) :**

The following guidelines should be followed:

- The M.B. shall be treated as the basis of all accounts of quantities of work done/materials supplied.
- There shall be no unnecessary delay in recording measurements after the work is executed/materials supplied. All measurements shall be neatly entered in the M.B. The description of the location of the work shall be lucid so as to facilitate easy identification and cross-checking. As far as practicable the measurements shall be recorded in the same order of the item numbers as in the work order/BOQ for facility of preparation of the bill. Authentication of all correction/deletion in the M.B. should be also be recorded with initials of the contractor or his authorized representative.
- Entries shall be recorded continuously in the M.B. No blank pages shall be left out, nor any page be torn. All cancellations should be attested. Each M.B. shall be provided with an index, which shall be kept up-to-date. The pages of the M.B. shall be machine numbered serially so that if any page is torn or found missing it can be readily identified.
- The entries in the M.B. shall be made in ink or ball point pen. No entry in the M.B. shall be erased or rendered illegible. If mistake is made at the time of entry or detected at the time of checking, it shall be corrected by penning through the incorrect entry and entering the correct entry between the line. Each such correction shall be initialled by the Officer correcting it and by his higher Officer, Check Measuring or countersigning the measurements. The contractor's authentication on all such corrections should also be taken after correction. The objective shall be to make a legible record of the work done as it may have to be produced as evidence in the Court of Law at any subsequent period of time.
- Single digit entries in the "No." column of M.B. shall be preceded by "0" i.e. "1" shall be written "01". Mathematical signs shall be inserted between No., length, breadth and width column, wherever applicable, to eliminate chances of error while entering/computing the measurements.
- In cases of on-account measurements (second and subsequent) if the works done since the last certificate could be measured accurately then before commencing to record the measurement of the subsequent work, the quantity and amount paid as per the last certificate shall be copied under the respective item Nos. by referring to the last on-account certificate/Bill. In cases where the work shall have to be measured in full due to technical reasons or otherwise, such entries underlined. The payable amount shall be arrived at by multiplying the full quantity with the sanctioned

rate and the amount paid previously (and not the quantity or part rate if allowed) shall then be deducted from the final amount to arrive at the figure of the balance payable amount.

- The M.B. shall be looked upon as a very important document. All M.Bs. shall be carefully checked by the A.E./A.E.E./E.E. to ensure that they are properly kept and the measurements have been correctly recorded and that they are complete records of each account of work done / materials supplied for which certificates are granted.
- A register of M.B. shall be maintained at Head Assistant (HA) of the concerned division showing their receipts and disposals.
- A register for movement of M.Bs. shall also be maintained at the office of the concerned. The eventual return of all M.Bs. to the office of concerned Head Assistant for record shall be insisted upon. This shall be checked at least once in every year normally by the S.E / E.E. and as a token of his scrutiny he shall sign the register.
- All M.Bs. for capital works shall be preserved for ten years and for maintenance work for five years from the date of completion of the work.

#### **J. MEASURING OFFICER**

Measuring Officer shall be responsible for recording the measurement personally and for correctness (within the approved tolerances) of the entries made by him. He shall record in the M.B. the details of supply of materials from Trustee's stores. The material reconciliation statement showing the issue/consumption of materials shall be prepared by him at the time of drawing the final bill on the basis of consumption rates stipulated in the contract or as per approval of the CME as the case may be. He shall also make computation of the measurements recorded by him in the M.B. The measuring officer shall put his signature below the entries made in the M.B. with the declaration "measured by me". The measuring officer shall be an officer not below the rank of Junior Engineer/Foreman.

#### **K. CHECK MEASURING OFFICER**

Check Measuring Officer shall check at least 50% of the entries as well as value of each bill signed by him. The check measurement shall be done after initial computation of the entries made in the M.B. The check measuring officer shall put his signature below the entries made in the M.B. with the declaration "Check measured by me". The check measuring officer shall be an officer not below the rank of Assistant Engineer.

All concealed items shall be checked 100% by AE / AXE.

## **L. COUNTER-SIGNING OFFICER**

The Counter-signing Officer shall check at least 10% of the entries as well as value of the work and shall be responsible for the overall liabilities of payment to the Contractor. The counter-signing officer shall put his signature below the entries made in the M.B. with the declaration “check measured and counter-signed by me”. The counter-signing officer shall be an officer not below the rank of SE / EXE.

## **M. PASSING OFFICER (SE / EXE)**

The Passing Officer shall be responsible for the overall accuracy of the bill sent for payment.

## **N. PERFORMANCE REPORT OF CONTRACTORS**

For all urgent and important works a confidential report as to the performance of the contractor shall be prepared by the concerned EXE. highlighting the following points:

- Professional (i.e. Technical) ability including quality control.
- Financial resourcefulness.
- Integrity
- Speed of work.

The report shall be submitted to the Chief Mechanical Engineer for his information and necessary action.

## **O. EXTENSION OF TIME:**

### **1. When the delay is not attributable to the Contractor:**

If the Contractor (s) shall desire extension of time for completion of the work on the grounds of his having been un avoidably hindered in the execution or any other grounds, he shall apply in writing to the Competent Authority within **15 days** of the date of hindrance on account of which he desires such extension as aforesaid and the Competent Authority find reasonable grounds be shown there for, authorize extension of time, as may in the opinion of Competent Authority is necessary or proper. Such extension of time, when the delays are not attributable to the contractor shall be without levy of compensation i.e., without levying liquidated damages / late delivery charges (LD).

- Authority for Extension of time:

In all such cases, the extension of time shall be approved by the competent authority as per the Delegation of Powers.

### **2. When the delay is attributable to the Contractor:**

In case of delay in completion of the contract due to reasons attributable to contractor and if VPT is satisfied that the contractor can complete the work within a reasonable time after the schedule date of completion, extension of contract period may be granted subject to levy of

liquidated damages / late delivery charges (L.D) at the rate of 1/2% of the contract value per week of delay or part thereof, subject to a maximum of 10 percent of the contract price.

The levy of LD shall commence as soon as delay is noticed with respect to proportionate progress and milestones set out in the contract.

Grant of Extension of Time to the contracts awarded:

- i) Full powers upto contract value Rs. 10 Crores : Chairman
- ii) Full powers upto contract value Rs. 1 Crore : Dy. Chairman
- iii) Full powers subject to the recovery of L.D as per contract : HOD

(Serial No: 16 under Annexure-1 of Delegation of enhanced financial powers to Major Port Trusts dt: 11th February 2015.)

**3. Maintenance contracts:** Sometimes it may become necessary to extend the duration contract, when delay in finalizing the subsequent maintenance contract for the particular zone is foreseen.

Considering such a contingency, a suitable clause should be incorporated in all maintenance contracts so that the duration can be extended at the discretion of VPT.

## **P. ACTION TO RESCIND THE CONTRACT**

In the event of failure on the part of the contractor to complete work even after the expiry of the extended period or due to other causes of non-performance, VPT shall be entitled to rescind the contract and to following is the action to be taken:

- Levy of LD
- Forfeit Security Deposit
- Banning of business with the contractor

**Note:** Bank Guarantees available are to be en-cashed immediately on the same day of issue of letter to rescind the contract.

## **Q.FORE-CLOSURE OR TERMINATION OF CONTRACT**

The Employer shall be entitled to foreclose and terminate the Contract, at any time, should, in the Employer's opinion, the cessation of works becomes necessary, owing to paucity of funds or due to court orders or from any other cause whatsoever. Notice in writing from the employer, of such termination and reasons thereof, shall be conclusive evidence thereof and be binding on the Contractor. In such a case, the value of approved materials actually brought to the site and reasonably required to execute the works during next three months, as per approved programme, and of work done up-to-date by the contractor, shall be paid for in full by the Employer, at rates specified in the contract. If rates for any materials or items of work are not available in the contract, these shall be fixed by the Engineer as per

the procedure for working out extra items as laid out in the contract. In addition, a sum not exceeding 2% (two per cent) of the value of the work remaining incomplete on the date of closure (i.e., total stipulated value of contract less of works actually done in terms of Contract and paid for and less the cost of materials at site taken over by the Employer and paid for as afore said), shall be payable to the contractor, to allow for expenditure incurred on preliminary site work, not fully covered by payments effected and for transportation of Contractor's tools, plants and materials etc., as also labour and other personnel back to his depot, notwithstanding whether the sum actually spent by the contractor on all these items is more or less than the amount paid under this clause. If any materials supplied by the Employer to the contractor at the cost of the contractor are rendered surplus, the same shall be returned by the contractor to the Employer's depot at Contractor's cost and full credit at rates initially charged to the contractor, shall be allowed for such materials. Similarly, any plant, equipment or tool issued by the Employer to the contractor free of cost or on lease terms shall be returned by the contractor to Employer's depot at his own cost. The employer shall be entitled to recover the cost of unreturned material, plant, equipment and tools from the contractor where such materials have been supplied free of cost and plant, equipment and tools free of cost or on lease basis to the contractor as stipulated in the conditions or contract. In case of such unreturned materials, recovery to be effected from the contractor. In case of such unreturned plant, equipment and tools, the amount to be recovered from the contractor shall be decided by the Engineer and this shall be final and binding. The contractor shall have to pay back unrecovered portion of advances made to him, together with accrued interest thereon.

## **R. DISPUTE RESOLUTION**

In the event of disputes between the contractor and the Board of Trustees in a contract, the same will be dealt as under

- a. No Arbitration clause for works <Rs. 5 crores (As per the existing practice)
- b. Arbitral tribunal with Sole Arbitrator for works >Rs. 5 –25 crores
- c. Arbitral tribunal with 3 Arbitrators for works >Rs. 25 crores

### **The selection and appointment of the arbitrators shall be as under:**

(i) In case of sole arbitrator a panel of 3 arbitrators will be sent by VPT to the contractor for selecting one from the list.

(ii) In case of tribunal of 3 arbitrators,

- VPT will choose one and
- Send a list of 3 arbitrators to the contractor to select one from the list.
- The 3rd arbitrator (Presiding Arbitrator) will be selected by the two arbitrators appointed.

## **S. BANNING OF BUSINESS DEALINGS (BLACKLISTING):**

**1) Change in terminology:** “Blacklisting” is now termed as “Banning of Business Dealings” in view of Court judgments.

### **2). Grounds for Banning:**

1. If the security considerations including questions of loyalty of the company / party to the State, so warrants.
2. If the Director of the company, proprietor or partner of the firm, manger / representative of the company/party is convicted by the Court of Law for offences involving moral turpitude in relation to its business dealing with the Government or any other PSU or VPT.
3. If there is a strong Justification for believing that the Directors, Proprietors, partners, managers or the representatives of the Company/party have been guilty of malpractices such as bribery, corruption, fraud, substitution of tenders, interpolations etc.
4. If the Company/Party employs a public servant dismissed/removed or employs a person convicted for an offence involving corruption or abutment of such offence.
5. If the business dealings with the Company/Party have been banned by the Govt. or any other Public Sector Enterprise/Undertaking or CBI, courts etc.

**(Note:** The examples given above are only illustrative and are not exhaustive and the Competent Authority may decide to ban business dealings with the firm in case of sufficient and justifiable grounds)

**(Source: Purchase Manual dated 01-01-2006 of The Singareni Collieries Company Limited)**

### **A. Procedure**

1. Proposal for banning of business should be first put up to the Competent Authority, through the Law Section, setting out all the facts of the case and the justification for the action proposed with all relevant papers and documents.
2. Upon approval by the competent Authority, a Show Cause Notice needs to be issued in the required format in consultation with the Law Section, with reasonable time for Appeal by the Company/Firm.
3. The Appeal filed by the Company/ firm shall be examined and further action taken.
4. The Orders of the Competent Authority shall be communicated to the Company/Firm.
5. In case of banning of business with a Company/ firm, depending upon the gravity of the misconduct established, the name of the Company/Firm with whom business dealings have been banned shall be circulated to the Govt. Departments and PSUs for their information.

**(Note:** This procedure is to be reviewed from time to time with reference to the latest guidelines in this regard from Govt./CVC and with reference to the Court judgments)

## **T. ISSUE OF EXPERIENCE CERTIFICATE**

- a. C.M.E : above Rs. 50 lakhs
- b. Dy. C.M.E/S.M.E : above Rs. 30 lakhs to 50 lakhs
- c. S.E / ME(P) : above Rs. 10 lakhs to 30 lakhs
- d. EXE / ME : up to Rs. 10.00 lakhs





## **C H A P T E R   X**

# **PRIVATE SECTOR PARTICIPATION (PPP PROJECTS)**



**CHAPTER X**  
**PRIVATE SECTOR PARTICIPATION**  
**(PPP PROJECTS)**

**10.1 INTRODUCTION:**

In consonance with the policy of liberalization and globalization of economy, the Govt. of India envisages major expansion of infrastructure in the Port sector, to handle the sea borne traffic on account of increasing foreign and coastal trade.

**10.2 PUBLIC PRIVATE PARTICIPATION (PPP) CONCEPT:**

**10.2.1 OBJECTIVES:**

1. To mobilize substantial resources for infrastructure expansion
2. To improve efficiency, productivity and quality of service
3. To bring in competitiveness in port services
4. To reduce gestation period of setting up new facilities
5. To bring in latest technology (deploy state of the art technology)
6. Improved management techniques

**10.2.2 IMPLEMENTATION:**

Through contract or through concession agreement

**10.2.3 ROLE OF PRIVATE SECTOR COMPANY:**

- i. To invest in construction
- ii. To maintain the infrastructure assets
- iii. To deliver infrastructure services for the specified purpose
- iv. To hand over the facility to the Govt./Statutory Authority at the end of the concession agreement period / Lease period

**10.3 IDENTIFICATION OF PPP PROJECT:**

**10.4 PROJECT FORMULATION:**

**STAGES:**

**10.4.1 PREPARATION OF T.E.F.R. (TECHNO ECONOMIC FEASIBILITY REPORT)**

**i. APPOINTMENT OF CONSULTANT:**

- CALL FOR BIDS: RFP Process / Nomination Process
- EVALUATE THE BIDDERS / INVITATION OF TOR
- BOARD APPROVAL FOR RANKING THE APPLICANTS AND APPOINTMENT
- APPOINTMENT

- ii. DRAFT T.E.F.R. SUBMISSION BY THE CONSULTANT
- iii. FINAL T.E.F.R

#### **10.4.2 APPOINTMENT OF T.A. (TRANSACTION ADVISOR)**

PURPOSE: TO ASSIST V.P.T. RIGHT FROM THE R.F.Q. STAGE AS UNDER:

1. Pre application meetings
2. Evaluation of RFQ
3. Short listing of applicants
4. Pre-bid meetings
5. Evaluation of RFP
6. Selection of H-1 Bidder
7. Financial Analysis related matters

#### **10.4.3 R.F.Q. FOR THE PROJECT:**

1. PREPARATION OF R.F.Q. DOCUMENT
2. INVITATION OF APPLICATIONS
3. EVALUATION
4. SHORT-LISTING
5. APPROVAL BY BOARD

#### **10.4.4 SECURITY CLEARANCE FOR THE BIDDERS:**

1. OBTAIN SECURITY CLEARANCE INFORMATION FROM THE RFQ SHORT-LISTED BIDDERS FOR THE PROJECT
2. FURNISH THE ABOVE INFORMATION TO
  - i. THE MINISTRY OF SHIPPING AND
  - ii. THE MINISTRY OF DEFENCE
3. AWAIT APPROVAL FROM THE ABOVE MINISTRIES

#### **10.4.5 ENVIRONMENTAL CLEARANCE FOR THE PROJECT:**

1. PREPARE T.O.R. (TERMS OF REFERENCE) FOR INVITING BIDS FOR CONDUCTING E.I.A. (ENVIRONMENTAL IMPACT ASSESSMENT)
2. INVITATION BIDS FROM APPROVED AGENCIES/ORGANISATIONS (MOEF ACCREDITED INSTITUTIONS)
3. EVALUATION OF BIDS
4. APPOINTMENT OF ENVIRONMENTAL CONSULTANT
5. OBTAIN E.I.A. FROM THE CONSULTANT
6. SEEK APPROVAL OF MINISTRY OF ENVIRONMENT

#### **10.4.6 APPROVAL OF “TAMP” (TARIFF AUTHORITY FOR MAJOR PORTS)**

PURPOSE: FOR FIXING CEILING ON THE USER CHARGES

(Tariff proposal submitted by the Ports will be scrutinized by TAMP)

#### **10.4.7 PROJECT APPRAISAL AND APPROVAL:**

##### **1. DOCUMENTS REQUIRED:**

- a) TEFR
- b) DRAFT RFP
- c) CONCESSION AGREEMENT

##### **2. APPRAISAL FORUM / APPROVAL AUTHORITY**

- i) CAPITAL COST : > Rs. 500 CRORES  
APPRAISAL FORUM : PPPAC  
APPROVING AUTHORITY: CABINET COMMITTEE ON  
INFRASTRUCTURE (CCI)
- (ii) CAPITAL COST : Rs.150 - 500 CRORES  
APPRAISAL FORUM : S.F.C  
SECRETARY, MINISTRY OF SHIPPING - CHAIRMAN
  - CLEARANCE BY TWO MEMBER COMMITTEE :  
SECRETARY, SHIPPING AND SECRETARY, DEA  
APPROVING AUTHORITY: MINISTER FOR SHIPPING & FINANCE  
MINISTER
- (iii) CAPITAL COST: RS 100 - 150 CRORES  
APPRAISAL FORUM: S.F.C  
SECRETARY, MINISTRY OF SHIPPING - CHAIRMAN
  - CLEARANCE BY TWO MEMBER COMMITTEE: SECRETARY,  
SHIPPING AND SECRETARY, DEA  
APPROVING AUTHORITY : MINISTER FOR SHIPPING
- (iv) CAPITAL COST : RS.25 - 100 CRORES  
APPRAISAL FORUM : S.F.C  
SECRETARY, MINISTRY OF SHIPPING - CHAIRMAN  
APPROVING AUTHORITY : MINISTER FOR SHIPPING
- (v) CAPITAL COST : < RS.25 CRORES  
APPRAISAL FORUM : MINISTRY OF SHIPPING  
APPROVING AUTHORITY : SECRETARY (SHIPPING)

#### 10.4.7.1 APPRAISAL AND APPROVAL OF PUBLIC FUNDED SCHEMES AND PROJECT:

| Scheme / Project Appraisal |   | Scheme / Project Approval |  |
|----------------------------|---|---------------------------|--|
| Cost<br>(Rs. Cr.)          | Appraisal by  | Cost<br>(Rs. Cr.)         | Approval by  |
| Up to 100                  | The Financial Adviser   | Up to 100                 | Secretary of the Administrative Department   |
| > 100 &<br>up to 500       | SFC / DIB Chaired by<br>Secretary of the Admin. Dept.   | > 100 &<br>up to 500      | Minister-in-charge of the<br>Administrative Department   |
| > 500                      | EFC/PIB Chaired by the<br>Expenditure Secretary,<br>except departments /<br>schemes / projects for which<br>special dispensation has<br>been notified by the<br>Competent Authority | > 500 &<br>Up to<br>1000  | Minister-in-charge of the Admin.<br>Dept. and Finance Minister, except<br>where special powers have been<br>delegated by the Finance Ministry. |
|                            |   | > 1000                    | Cabinet / Committee of the<br>Cabinet concerned with the<br>subject.   |

1. The financial limits above are with reference to the total size of the Scheme / Project being posed for appraisal and includes budgetary support, extra-budgetary resources, external aid, debt/equity/loans, state share, etc.

2. Financial Advisers may refer any financial matter and may also seek participation of the Department of Expenditure in the SFC/DIB meetings, if required. For proposals above Rs. 300 crore such participation would be mandatory.

3. Delegated powers should be exercised only when the budgetary allocation or medium-term scheme outlay as approved by Department of Expenditure is available.

4. While exercising delegated powers, the Ministries/Departments should also ensure the proposals are subject to rigorous examination in project design and delivery, and careful attention should be paid to recurring liabilities and fund availability after adjustment of the committed liabilities

5. For appraisal and approval of PPP projects separate orders issued by the Department of Economic Affairs will apply.

**Note:** The Delegation of Powers for appraisal and approval of Schemes and Projects which are public funded in compliance to the Office Memorandum No: 24(35)/PF/F-II/2012, dated 05.08.2016 forwarded vide Director (Finance) letter No: F.NO.CD-15020/3/20014-T.F.1, dated 21st. Dec.2016 are attached at (**Annexure No:19**).

#### 10.4.8 R.F.P. (REQUEST FOR PROPOSALS) - PROCESS:

1. DOCUMENTS:

- a) TEFRR
- b) RFP

- c) CONCESSION AGREEMENT
  - PREPARATION OF RFP DOCUMENT
  - PREPERATION CONCESSION AGREEMENT
  - INVITATION FOR ISSUE OF BID DOCUMENT FOR SHORT LISTED BIDDERS
  - PRE-BID CONFERENCE WITH SHORT-LISTED BIDDERS
  - FINALISATION OF R.F.P.
  - SELECTION OF H-1 BIDDER (Criteria : Offer of highest Gross Revenue Share)
  - APPROVAL BY BOARD TO DECLARE SUCCESSFUL BIDDER (CONCESSIONAIRE)

#### **10.5 ISSUE OF LETTER OF AWARD:**

#### **10.6 SIGNING CONCESSION AGREEMENT:**

#### **10.7 APPOINTMENT OF INDEPENDENT ENGINEER:**

(JOINTLY APPOINTED BY V.P.T AND THE CONCESSIONAIRE)

1. ROLE OF INDEPENDENT ENGINEER (I.E.):
  - a. REVIEW, INSPECTION AND MONIORING OF CONSTRUCTIN WORK
  - b. EXAMINING DESIGNS AND DRAWINGS FOR CONFORMITY WITH CONCESSIONAGREEMENT
  - c. CONDUCTING TESTS
  - d. ISSUING COMPLETION CERTIFICATES
  - e. MONITOR COMPLIANCE WITH THE PEFORMANCE AND MAINTENANCE STANDARDS
  - f. IDENTIFY DELAYS AND LAPSES THAT REQUIRE ACTION ON THE PART OF THE GOVERNMENTFOR ENFORCING THE TERMS OF AGREEMENT
2. APPOINTMENT OF INDEPENDENT ENGINEER (I.E.):
  - a. CALL FOR BIDS: RFP PROCESS
  - b. EVALUATION OF BIDDERS
  - c. LIST OF SHORT LISTED BIDDERS SENT TO CONCESSIONARE FOR CONSENT
  - d. OPENING OF THE FINANCIAL BID
  - e. SELECTION OF L-1 BIDDER



#### **10.8. AWARD OF CONCESSION:**

#### **10.9. PROJECT MONITORING:**

- Review of detailed design, construction methodology, quality assurance procedures and procurement, engineering and construction schedule
- Review of Fortnightly progress reports and Monthly progress reports by the IE and submit the same to Concessioneering Authority
- Formulation of PPP PMU (Project Monitoring Unit) and PPP PRU (Performance Review Unit)
- Preparation of format (monthly report) by PPP PMU (which contains all the obligations of concessionaire and Project authority as per CA)
- Approval of the format by PPP PRU
- Monitoring of PPP PMU members at least two days for every two months at site with the user representatives
- Review and monitoring the Project Reports submitted by the Project Monitoring Unit and rectify the faults or lapses
- Preparation of Quarterly reports (focus on non-compliance relating to the provisions of the relevant contract, especially in terms of standards of performance or loss to the exchequer and the users)
- Submission of Quarterly reports to the Competent Authority
- Evaluation of project performance including social audit by PPP PRU once in every two year wherever applicable
- Completion of the Project

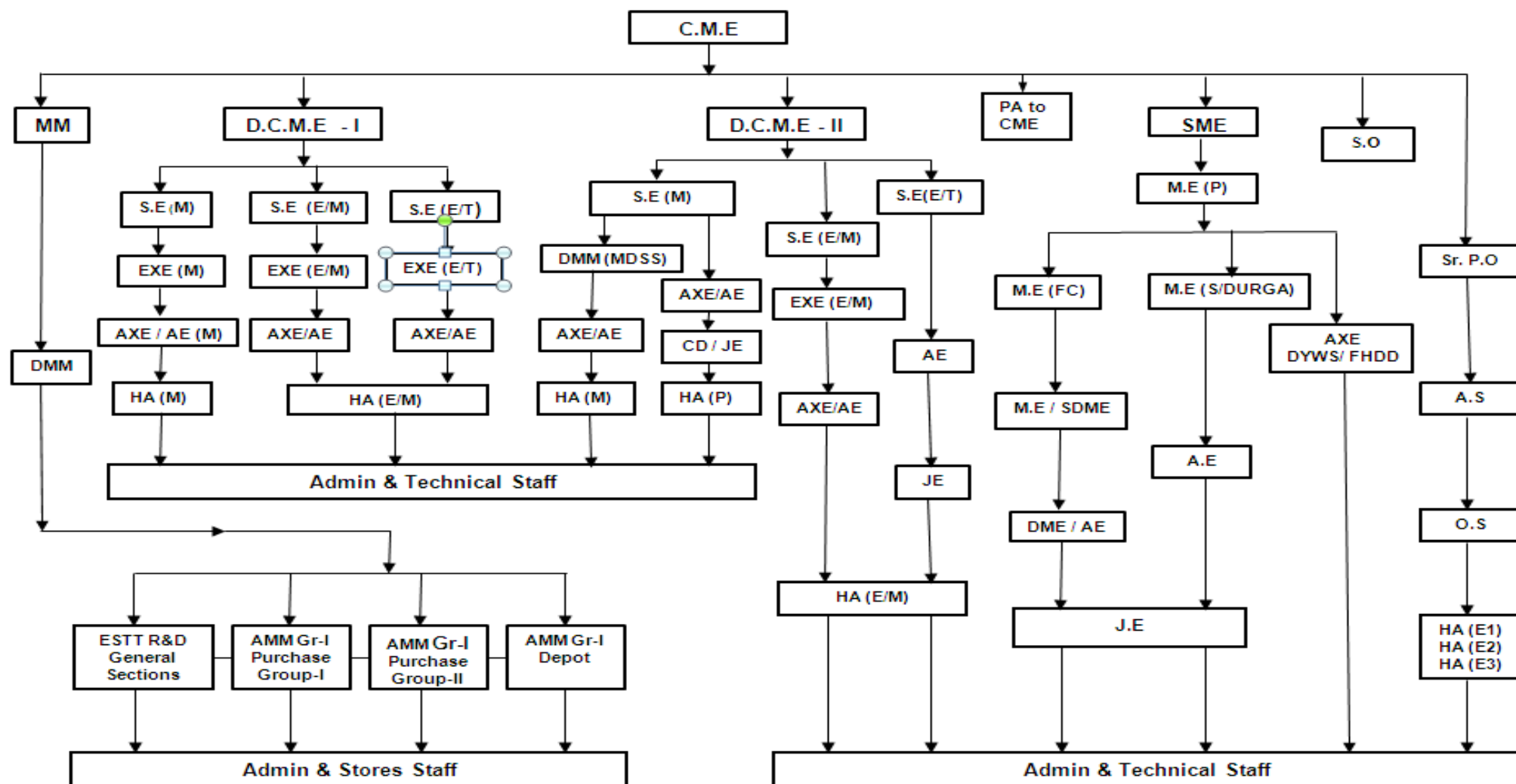
#### **10.10. COMPLETION OF PROJECT:**

COMPLETION CERTIFICATE ISSUED BY INDEPENDENT ENGINEER

# **ANNEXURES**



# ORGANISATION CHART OF M&EE DEPARTMENT



Government of India  
Ministry of Shipping  
(Ports Wing)

F. No. 17011/1/2005-PG

Dated the 11<sup>th</sup> February, 2015

To,

The Chairmen, All Major Port Trusts

**Subject: - Delegation of enhanced financial powers to Major Port Trusts.**

The question of enhancing the powers delegated to the Major Port Trusts for performing their duties and functions as envisaged under the Major Port Trusts Act, 1963 (Act) has been under the consideration of the Government for some time. A Committee constituted under the Chairmanship of Additional Secretary and Financial Adviser in the Ministry of Shipping with representatives from the Major Port Trusts as members for making suitable recommendations on the issue has submitted its report. The Committee, while making its recommendations, has kept inter-alia, the following broad principles in view:

- i) Delegation of powers should foster faster decision-making;
- ii) It should result in effective implementation of projects and avoid time and cost overrun;
- iii) Higher levels of Port Authority should focus on important port development/ management issues and projects, not routine matters;
- iv) Capacity Building of officers at Major Ports is of immense importance. Officers have to be given training periodically not only in eminent institutions in India but particularly at International institutions so that they will be given required orientation and make them more vibrant and effective to the present needs.
- v) Delegation should also enable the ports to function like real commercial organizations, on par with Public Sector enterprises.
- vi) There is a need for better accountability mechanism in Major Ports and for a robust budgeting exercise and approval mechanism.
- vii) Delegation of powers should enable Major Ports to function as world-class ports in terms of best practice and hassle-free systems.

viii) There is no need to distinguish Capital expenditure as Plan and Non-Plan; delegation shall be with regard to Capital and Revenue expenditure.

ix) As regard to delegation of powers, no distinction should be made between Category I & Category II.

x) There is no need of distinction between New and Replacement Projects.

xi) In the scheme of things, Deputy Chairman and Heads of Departments are given adequate powers so that decision-making at cutting-edge level is made quickly and process is eased.

2. Based on the recommendations of the Committee, the Central Government hereby fix the following limits subject to which the Port Trust Board, Chairman, Dy. Chairman and Heads of Department may exercise the powers conferred on them by under Sections 34, 36, 85, 92, 93, 94, 95, 96 and 101 of the Act.

| Sl. No. | Section and Subject                                   | Limits   |
|---------|---|--|
| (i)     | 34<br>Execution of<br>Contracts on behalf<br>of Board | <p><b><u>Board</u></b><br/>Full Powers<br/>Chairman – Rs. 10 crores<br/>Dy. Chairman- Rs. 5 crores<br/>HOD – Rs. 1 crore</p> <p><b><u>Note:-</u></b><br/>i) The Financial limits for Chairman, Dy. Chairman and HOD are with reference to the total size of the contract which may include budgetary support, internal resources, loan etc. and it is part of the scheme approved.<br/>ii) It should be ensured that tender enquiries, corrigenda thereon and details of bid awards are also published on the Central Procurement Portal(CPP) using e-publishing mode. A compliance report in this regard may be furnished by the respective Port Trust for information.<br/>iii) The Board will have full powers to award contract in respect of projects in which investment decision has been taken by the Government and the estimate has been sanctioned by the Government.<br/>iv) The contract should be part of the scheme approved individually or part of collective schemes approved in</p> |



|       |   |  |
|-------|---|--|
|       |   | the Annual Plan.<br><br>v) In case of Dredging (Capital and maintenance), full powers will be exercised by the Board in accordance with the Annual Action Plan of dredging approved by the Government. This is subject to the condition that the contract will be scrutinized by a duly constituted Dredging Committee of the officers of the Port, FA&CAO being one of the members.   |
| (ii)  | 36<br>To execute deposit works                                | <b>Board- Full Powers.</b><br><b>Chairman- Full powers</b> subject to the condition that the Chairman would keep the Board informed of the nature, size and value of deposit works as and when undertaken.   |
| (iii) | 85<br>Powers of Board to take temporary loans or overdrafts   | <b>Boards</b> can raise loans upto an amount equal to 20% of revenue receipts of previous financial year.<br><b>Note:-</b><br>Utilisation certificate will be submitted by the concerned Port Trust at the year end indicating the utilisation the loan for the purpose for which it was sanctioned, and that the balance remaining unutilized.  |
| (iv)  | 92<br>Power to charge expenditure to capital                  | <b>Board</b><br>Board – Rs. 200 crores.<br>Chairman – Rs. 10 crores.<br>Dy. Chairman – Rs. 5 crores.<br>HOD – Rs. 1 crore.<br><b>Note:</b><br>i) The exercise of the delegated power will be subject to the condition that the tenders will be evaluated/scrutinized by a duly constituted Tender Committee of officers of which FA&CAO of the Port Trust shall be one of the members.<br>ii) The financial limits are with reference to the total size of the contract which may include budgetary support, internal resources, loan etc. and is part of the scheme approved. |
| (v)   | 93<br>Works requiring sanction of Board or Central Government | <b>Board</b> – Rs. 200 crores<br><b>Chairman-</b> Rs. 10 crores<br><b>Dy. Chairman</b> – Rs. 5 crores<br><b>HOD-</b> Rs. 1 crore<br><b>Note:</b><br>i) The exercise of the delegated power will be subject to  |

|        |  |  |
|--------|--|--|
|        |  | <p>the condition that the tenders will be evaluated/scrutinized by a duly constituted Tender Committee of officers of which FA&amp;CAO of the Port Trust shall be one of the members.</p> <p>ii) The financial limits are with reference to the total size of the work and is part of the scheme approved.</p>   |
| (vi)   | <p>94</p> <p>Powers of Chairman as to execution of works (subject to a report being made to the Board as soon as possible)</p> | <p><b>Chairman-</b> Rs. 10 crores</p> <p><b>Note:-</b><br/>The financial limits are with reference to the total size of the work and is part of the scheme approved.</p>   |
| (vii)  | <p>95</p> <p>Power of Board to compound or compromise claims</p>   | <p><b>Board</b><br/>Rs. 3 crores subject to a ceiling of Rs. 15 crores in a year.</p> <p><b>Note:-</b><br/>The Port Trust shall submit annually on the 1st of June to the Ministry of Shipping and the Audit/Accounts officer concerned with statements showing the details of writing off losses/compromise or compound of claims during the preceding year. A brief explanation of the circumstances leading to the writing off/compromise or compound of claims should be added in the case of each class.</p>            |
| (viii) | <p>96</p> <p>Writing off losses</p>  | <p><b>Board</b><br/>Rs. 5 crores in each case subject to maximum of Rs. 40 crores in a year.</p> <p><b>Note:-</b><br/>The Port Trust shall submit annually on the 1st of June to the Ministry of Shipping and the Audit/Accounts officer concerned with statements showing the details of writing off losses/compromise or compound of claims during the preceding year. A brief explanation of the circumstances leading to the writing off/compromise or compound of claims should be added in the case of each class.</p> |
| (ix)   | <p>101</p> <p>Adherence to estimate except emergency</p>   | <p><b>Board</b><br/>Rs. 5 crores in each case subject to maximum of Rs. 25 crores in a year.</p> <p><b>Note:-</b><br/>Scrupulous scrutiny of the budget proposal, both at the</p>  |



|  |  |   |
|--|--|---|
|  |  | time of preparation of Demand for Grants and Supplementary Demand for Grants and compliance to provision of GFR may be ensured to eliminate possibility of excess expenditure |
|--|--|---|

3. Further, with a view to streamlining the powers exercisable by below Board level officers in the Port Trust and to ensure clarity and uniformity among the Major Ports, the Committee has identified a list of activities and recommended the limits upto which the Chairman, Deputy Chairman and Heads of Department, as the case may be, may exercise their powers which is enclosed as **Annexure – I** to this letter. These recommendations have been accepted by the Government. The Major Ports Trusts are requested to adhere to these limits in the exercise of their powers accordingly.

4. According to Ministry of Finance O.M. No. 1(37)/2010-EII(A) dated the 2<sup>nd</sup> November 2010, relevant provisions contained in General Financial Rules shall be deemed to be applicable to autonomous bodies except to the extent the bye laws of an autonomous body provide for separate Financial Rules which have been approved by the Government. The rules and processes to be followed as per the General Financial Rules (GFR) etc. which broadly cover the following areas is enclosed as **Annexure- II**:

- (i) Budget Formulation
- (ii) Contingency Fund
- (iii) Expenditure & Re-appropriation
- (iv) Power to Sanction Works & Its Execution
- (v) Procurement of Goods
- (vi) Purchase of Goods
- (vii) Tender Procedures
- (ix) Procedure for Advance payments
- (x) Procurement of Services
- (xi) Preparation of Request for Proposal (RFP)
- (xii) Outsourcing of Services
- (xiii) Contingent & Miscellaneous Expenditure

The Port Trust may kindly keep the provisions of the General Financial Rules and in particular the above mentioned rules in view while exercising their powers.

5. The powers delegated are subject to the following conditions:-

- (i) Major Ports need to prepare their budgets in time and get them approved by Government. The performance of the Major Ports vis-à-vis the approved budget has to be reviewed. The higher delegation of powers would be subject to the Major Ports adhering to such financial discipline. If some Major Port is found wanting in financial discipline including in budgeting, the delegation of powers shall be withdrawn to that Port.
- (ii) Delegation will always be subject to compliance of administrative instructions issued by the Government from time to time.
- (iii) If there are instances of financial mismanagement in any Major Port, the enhanced delegation of powers would be withdrawn by the Ministry of Shipping till adequate mitigating measures are taken by the Port to the satisfaction of the Ministry.
- (iv) In so far as delegations under Sections 92 and 93 are concerned the works or the scheme shall be the one included in the Five Year Plan or Annual Plan as approved by the Govt., with allocation to the extent required during the year.
- (v) Provisions required during the year shall be available in the Budget Estimates as approved by the Govt. for the year in which the work or the scheme is proposed to be sanctioned/ executed.
- (vi) The Port Trust Board shall set up a Standing Committee headed by the Chairman to consider and recommend the investment proposals for Board's approval within their competence. FA&CAO, the concerned Chief Engineer and the Head of the project may be included as Members of this Committee.
- (vii) As soon as an investment decision is taken by the Port Trust, the particulars thereof i.e. name of the project, sanctioned estimate, additional capacity to be created, if any, financial and other benefits including FIRR/EIRR, scheme date of completion, etc., must be reported to the Ministry for information and record.
- (viii) No splitting of the estimates shall be resorted to deliberately or artificially to keep it within the delegated powers of the Ports.
- (ix) Before awarding the contract, even if the estimate is within the delegated power, but the value of the contract falls beyond the delegated power, the Govt., sanction should be obtained before award of the contract.
- (x) The Port Trust must enter into an MOU/RFD with the Govt., during every financial year. The continued exercise of the enhanced delegated



powers would be conditional upon the signing of the MOU/RFDs in time and achieving at least very good ranking in any particular year.

6. The delegation of powers as in this letter will be effective from its date of issue.

7. This Ministry's earlier letters on the subject as cited below are hereby superseded:-

(i) No. PR-17011/3/96-PG dated 11<sup>th</sup> December, 1996.

(ii) No. PR-17011/2/96-PG dated 18<sup>th</sup> August, 1997.

(iii) No. PR-17011 298-PG dated 24<sup>th</sup> October, 2000.

(iv) No. PR-17011/1/2005-PG dated 24<sup>th</sup> August, 2005 as modified vide No. PR-17011/1/2005-PG dated 5<sup>th</sup> December, 2005.

8. This issues with the approval of the Hon'ble Minister of Shipping, Road Transport and Highways.

Yours faithfully,



(A.R. Sengupta)

Under Secretary to the Government of India

Tel: 011-23313959

**Encl:** As above

Copy to:-

- i) JS(Shipping)
- ii) JS(Coord.)
- iii) Adviser
- iv) OSD to Hon'ble Minister(S, RT&H)
- v) All Directors/DSs/Under Secretaries in Ports Wing
- vi) Sr. PPS to Secretary(Shipping)
- vii) PS to Additional Secretary (AS)
- viii) TF-1
- ix) MD, IPA

**DELEGATION OF POWERS TO MAJOR PORTS****[NON-STATUTORY]**

| <b>Sl. No.</b>                                      | <b>Nature of Power</b>  | <b>Limits</b>   |
|---|---|---|
| <b>I. POWERS ON WORKS &amp; PROCUREMENT MATTERS</b> |   |   |
| 1   | To incur expenditure in anticipation of sanction in running/operation & maintenance works estimates                         | <b>Chairman-</b> Full Powers subject to availability of budget provision  |
| 2   | To incur expenditure on repairs and maintenance including annual AMCs   | <b>Chairman-</b> Full Powers<br><b>Dy.Chairman-</b> Rs. 200000 /-<br><b>HODs-</b> Rs. 25000 /-<br><b>Dy.HODs-</b> Rs. 10,000/-  |
| 3   | To make advance payment for stores on receipt of RR through bank or on despatch documents                                   | <b>HODs-</b> Full powers  |
| 4   | To make advance payments to Govt, Semi Govt, PSUs or Reputed firms for execution of works or supply of stores or equipments | <b>HODs-</b> Full power subject to approval of the contract by the Competent Authority.   |
| 5   | To let out work without calling for tenders   | <b>Chairman-</b> Rs.2,00,000/- in each case, subject to constitution of Spot Purchase Committee (SPC).<br><br><b>Dy. Chairman-</b> Rs.1,00,000/- in each case, subject to constitution of SPC.<br><br><b>HODs-</b> Rs. 50,000/- in each case, subject to constitution of SPC. |
| 6   | Purchase of equipment / stocks without calling tenders / quotations   | <b>Chairman-</b> Rs.5,00,000/- in each case, subject to constitution of SPC.<br><b>Dy. Chairman-</b> Rs.2,00,000/- in each case, subject to constitution of SPC.<br><br><b>HODs-</b> Rs. 50,000/- in each case, subject to constitution of SPC.                               |

|    |   |   |
|----|---|---|
| 7  | To purchase medicines etc. for hospitals in Emergency                   | <b>Chairman-</b> Full power<br><b>Dy. Chairman-</b> Upto Rs.20,000/-<br><b>HODs-</b> Upto Rs.5,000/-  |
| 8  | To purchase stores and medicines  | <b>Chairman-</b> Full powers<br><b>Dy. Chairman-</b> Upto Rs.3 lakhs in each case on the basis of competitive quotations after concurrence of Finance and upto Rs.1 lakh in each case through the Spot Purchase Committee.<br><b>HODs-</b> Upto Rs.50,000 in each case on the basis of competitive quotations after concurrence of Finance and upto Rs.20,000 in each case through the Spot Purchase Committee. |
| 9  | To exceed sanctioned amount of an estimate                              | <b>Chairman-</b> Upto 30% provided the total amount of WO/SO remains the powers of Chairman (beyond 30%, Board's approval to be obtained)<br><b>Dy. Chairman-</b> Upto 20% provided the total amount remains within the powers of the Dy. Chairman.<br><b>HODs-</b> Upto 10% provided the total amount remains within the powers of HOD.  |
| 10 | To make additions/ alterations to works during the course of executions | <b>Chairman-</b> Upto 30% provided the total amount of WO/SO remains the powers of Chairman<br><b>Dy. Chairman-</b> Upto 20% provided the total amount remains within the powers of the Dy. Chairman.<br><b>HODs-</b> Upto 10% provided the total amount remains within the powers of HOD.  |
| 11 | To waive penalties imposed on Contractors / Vendors                     | <b>Chairman-</b> Full powers  |

|    |  |   |
|----|--|---|
| 12 | To insure materials / equipment in transit                                     | <b>Chairman-</b> Full powers  |
| 13 | To fix charges for works done in Port Laboratories.                            | <b>Chairman-</b> Full powers  |
| 14 | To allow relaxation in r/o conditions for payment of EMD/SD/Liquidated damages | <b>Chairman-</b> Full powers in r/o contracts where the award of contract is within his powers  |
| 15 | Single Tender/Special Limited Tender   | <p><b>Chairman-</b> Rs.5 Crores, (Board - More than Rs. 5 Crores), subject to adherence of CVC guidelines</p> <p><b>Dy. Chairman-</b> Rs.1 Crore, subject to adherence of CVC guidelines</p> <p><b>HODs-</b> Rs. 50,000/-, subject to adherence of CVC guidelines</p> |
| 16 | Grant of extension of time to the contracts awarded                            | <p><b>Chairman-</b> Full Powers upto contract value Rs.10 Crore</p> <p><b>Dy. Chairman-</b> Full Powers upto contract value Rs.1 Crore</p> <p><b>HODs-</b> Full powers subject to the recovery of LD, as per the contract</p>   |



जॉयट सचिव, न.उ.अ.  
जॉयंट सचिव  
PRAVIR KRISHN, I.A.S.  
JOINT SECRETARY  
TEL : 2371023  
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राष्ट्र सरकार  
भारत शासित प्रदेश  
इसरोवर सदन  
नई दिल्ली-110005  
GOVERNMENT OF INDIA  
MINISTRY OF SHIPPING  
TRANSPORT & HIGHWAYS  
NEW DELHI-110005

D. O No. PD-13/36/2016-PPS Cell

December 2, 2016

Dear Sir,

Please refer to your letter No. IPA/GAD/PP-MP/2016 dated November 15, 2016 regarding the recommendations made by IPA Governing Body on the issue of Delegation of Power to Deputy Chairman of Major Ports.

The Competent Authority has desired that IPA may take necessary action in the matter on the basis of the recommendations made by the Governing Body and report progress by December 20, 2016.

I shall be grateful if you could kindly take necessary action in this regard.

*Pravir Krishn*

Yours sincerely,  
*Pravir Krishn*  
(Pravir Krishn)

Shri A. Janardhana Rao,  
Managing Director  
Indian Ports Association  
Lodi Road, New Delhi

*Advocate (C)*  
*CAO*  
*6-12-2016*



## Indian Ports Association

IPAGIADTP-MP02016

Dated: 11-11-2016

The Joint Secretary (Ports)  
Ministry of Shipping,  
Transport Bhawan,  
New Delhi.

Subj: Delegation of Powers to Deputy Chairman of Major Ports.  
Ref: Ministry's Letter No. PD-13/36/2016-PPP Coll. dated 5<sup>th</sup> Aug 2016.

Please refer to your letter on the subject cited above.

In this connection, it is to mention that the matter regarding delegating more powers to Deputy Chairman of the Major Ports was discussed during 169<sup>th</sup> meeting of IPA Governing Body held at Kandla. It was decided that more powers mainly on Establishment and Financial matters may be accorded to Deputy Chairman and accordingly, Ministry of Shipping may be requested to issue amendments in the orders of delegations of enhanced financial powers to Major Ports, dated 11<sup>th</sup> Feb 2015. A copy of the Agenda Note (Annexure I) and the Resolution of the Governing Body (Annexure II) is enclosed for your reference.

A comparative statement showing the provisions under delegations of powers as per the orders issued by the Ministry on 11<sup>th</sup> Feb 2015 and recommendation made by IPA Governing Body is attached (as Annexure III) for your reference and if the above delegation is done by the Government, Deputy Chairman will have adequate work and clear cut responsibilities.

Yours faithfully,

(A. Jitendra Rao)  
Managing Director

Encls: As above

*A. Jitendra Rao*



18/03/2016 - The Deputy Secretary, Shipping

ANNEXURE - I

ITEM NO. 35

### **Enhancing the Delegation of Powers to the Dy. Chairman, Major Port Trusts**

The Ministry of Shipping vide its letter No. PD-13/16/2016-PPP Cell dated 5-8-2016, copy enclosed at page - 207, had conveyed that Secretary (S) observed that no substantial work has been allotted to Dy. Chairman and delegation of financial powers to Dy. Chairman is sketchy without detailing the sanctioning powers. It is felt that Dy. Chairman of Major Ports should be given responsibility to be groomed as a future Chairman. Ministry of Shipping has suggested to deliberate the matter in the IPA Governing Body for enhancing the delegation of powers to Dy. Chairman of Major Ports. In this regard, a copy of the recent order No. 17011/1/2005-PO dated 11-2-2015 from Ministry of Shipping is enclosed at pages : 208-249.

The matter is submitted to the Governing Body for deliberations.

\*\*\*\*\*

Minutes of the 1st<sup>st</sup> Meeting of the Governing Body of Indian Ports Association held on 30<sup>th</sup> September, 2016 at Kandla Port Trust, Gandhinagar

### PRESENT

Shri. P. S. Pillai, IAS, Chairman, IP&W Mumbai Port Trust  
 Shri. P. S. Pillai, IAS, Chairman, Kandla Port Trust  
 Shri. P. S. Pillai, IAS, Chairman, Chennai Port Trust  
 Shri. P. S. Pillai, IAS, Chairman, New Mangalore Port Trust  
 Shri. P. S. Pillai, IAS, Chairman, V.O. Chidambaram Port Trust  
 Shri. P. S. Pillai, IAS, Chairman, Paradip Port Trust  
 Shri. P. S. Pillai, IAS, Chairman (De), Chennai Port Trust  
 Shri. P. S. Pillai, IAS, Chairman, Visakhapatnam Port Trust  
 Shri. P. S. Pillai, IAS, Chairman, Mormugao Port Trust  
 Shri. P. S. Pillai, IAS, Dy. Chairman, Kolkata Port Trust  
 Shri. P. S. Pillai, IAS, Director, Ministry of Shipping

### ALSO PRESENT

Shri. N. Marudamurthy, IAS, Managing Director, IPA  
 Shri. A. Janardhan Rao, Advisor, Government of India  
 Shri. Alok Singh, Dy. Chairman, Kandla Port Trust  
 Shri. Rajeev Patel, Chief Administrative Officer, IPA  
 Shri. A.K. Chakrabarty, CIO, IPA  
 Shri. S.K. Tikku, FAO, IPA

#### Item No. 35: Enhancing the Delegation of Powers to the Dy. Chairman, Major Port Trusts

During the deliberations, members of the Governing Body suggested that the following changes be proposed in Government in the Delegation order of Major Ports issued by Government on 11-3-2015:

- Nature of powers of Sl No 2 & 8 to be brought at par with Section 93 i.e. Powers to sanction Capital Expenses. This will give adequate power to Deputy Chairman to sanction maintenance & recurring expenses.
- Full powers may be delegated to Deputy Chairman under Sec. 31, 34, 35, 36, 37, 38, 45 and 51.
- In addition, Deputy Chairman can be given primary responsibility for all Estate & Land matters, Hospital Management, Marketing & Harbour Management and Labour & TR issues.

If the above delegation is done by Government, Deputy Chairman will have adequate work and clear cut responsibilities.

## Annexure III

**Delegation of Powers to Deputy Chairman as Recommended  
by IPA Governing Body**

1. Item-wise specific delegation of full powers to Deputy Chairmen

| Sl<br>No. | Nature of Power   | Limits as per the Delegation of<br>Powers orders   | IPA Governing Body Recommendations   |
|-----------|---|--|--|
| 1         | To incur expenditure on<br>repairs and maintenance<br>including annual AMC's  | Chairman - Full Powers<br>Dy. Chairman - @ 100000/-<br>HODs - @ 25000/-<br>Dy. HODs - @ 10,000/-   | Deputy Chairman - Full Powers<br>HODs - @ 25000/-<br>Dy. HODs - @ 10,000/-   |
| 2         | To purchase stores and<br>Medicines   | Chairman - Full Powers<br>Dy. Chairman - Upto @ 3 Lakhs<br>in each case on the basis of<br>competitive quotations after<br>concurrence of Finance and<br>upto @ 1 lakh in each case<br>through the Spot Purchase<br>Committee.<br>HODs - Upto @ 50000/- in<br>each case on the basis of<br>competitive quotations after<br>concurrence of Finance and @<br>20,000/- in each case through<br>the Spot Purchase Committee. | Deputy Chairman - Full Powers<br>HODs - upto @ 50000/- in each case on the<br>basis of competitive quotations after<br>concurrence of Finance and @ 20,000/- in<br>each case through the Spot Purchase<br>Committee. |
| 3         | Grant of Advance to<br>employees for purchase of car<br>/ scooter / motorcycle.<br>To grant Festival Advance and<br>any other special advances<br>framed under Regulations.<br>Grant of Conveyance<br>Allowance   | Chairman - Full Powers in<br>respect of CL-I<br>Dy. Chairman - Full powers in<br>respect of CL-II<br>HODs - Full Powers for CL-II &<br>IV employees.   | Deputy Chairman - Full Powers for CL-I &<br>II<br>HODs - Full Powers for CL-II & IV<br>employees.  |
| 4         | Payment from the Welfare<br>Fund other than award of<br>Scholarships. 1. Award of Trust<br>scholarships both ordinary and<br>merit.<br>2. Payment of ex-gratia<br>amounts from the Welfare<br>Fund in addition to others in<br>case of death or validation<br>while in service where the<br>family continues to be in<br>indigent circumstances | Chairman - Full Powers for<br>Class I and II<br>Dy Chairman - Full Powers for<br>Class - III & IV  | Deputy Chairman - Full Powers for Class I,<br>II, III & IV   |
| 5         | Payment of compensation to<br>Fort Trust Employees who are<br>not workmen with in the<br>meaning of the Workmen's<br>Compensation Act, 1923   | Chairman - Full Powers for<br>Class I and II<br>Dy Chairman - Full Powers for<br>Class - III & IV  | Deputy Chairman - Full Powers for Class I,<br>II, III & IV   |

| Sl. No. | Nature of Power  | Limits as per the Delegation of Powers Orders  | The Governing Body Recommendations  |
|---------|--|--|---|
| 6       | To Provide immediate relief to the families of employees who die while in service                                  | Chairman - Full Powers in respect of Class I and II Officers.<br>Dy. Chairman - Full Powers in respect of Class III and IV Officers  | Deputy Chairman - Full Powers for Class I, II, III & IV   |
| 7       | To grant Advances / Final Withdrawals from PF  | Chairman - Full Powers.<br>Dy. Chairman - Full powers in r/o officers / staff of his Department.<br>HODs - Full Powers in r/o officers / staff of his Department of this Division other than final withdrawals where special reasons are not required. | Deputy Chairman - Full Powers for HODs.<br>HODs - Full Powers in r/o officers / staff of his Department of this Division other than final withdrawals where special reasons are not required. |
| 8       | Transfer of Subscription in r/o GPF balances of employees who join the Board's service from any Government Service | Chairman - Full Powers in the case of Class-I officer excepting HODs.<br>Dy. Chairman - Full powers in the case of all Class II, III and IV employees.   | Deputy Chairman - Full Powers for Class-I excepting HODs.   |
| 9       | Sanction of Pension/Gratuity   | Chairman - Full Powers -<br>Dy. Chairman - Full powers in the case of Class II, Class III & IV employees.<br>HODs - Full powers in the case of Class III and IV employees.   | Deputy Chairman - Full Powers for Class I & II.<br>HODs - Full powers in the case of Class III and IV employees.  |
| 10      | Extension of Medical Benefits to retired employees on payment of prescribed fees.                                  | Chairman - Full powers in respect of Class-I.<br>Dy. Chairman - Full powers in respect of Class - II.<br>HODs - Full powers in respect of Class - III & IV.  | Deputy Chairman - Full powers in respect of Class-I & II.<br>HODs - Full powers in respect of Class - III & IV.   |

- It was also decided that powers on incur expenditure to be sought at par with the powers mentioned in Section 93 i.e. powers to sanction capital Expenses. This will give adequate powers to Dy. Chairmen to sanction maintenance & recurring expenses.
- In addition, Deputy Chairmen can be given primary responsibility for all Estate & land matters, Hospital management, Marketing and Business management, Labour and IR issues.

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**CHECK LIST FOR PREPARATION OF ESTIMATES/REVISED COST  
ESTIMATES IN RESPECT OF PROJECTS REQUIRING EFC/PIB  
APPROVAL**

**1. Title**

While describing the proposal, the estimated cost, its foreign exchange component and the capitalised interest included in it are to be indicated. The calculation sheet for capitalised interest is also to be appended.

- a) Estimated Cost: The basis of the estimate like schedule of rates, actual completion cost of similar works completed in the Port or nearby, budgetary quotations obtained, if any, etc., should be explained in details in the Project Report. The validity of the basis should be spelt out and an abstract of the estimated cost be furnished as Annexure to EFC / PIB.
- b) Capitalised Interest: Whenever the scheme is to be funded by loan and not from internal resources, the capital interest is to be included in the estimated cost. Interest may be calculated on the basis of prevalent approved Govt. lending rate for developmental loans to Port Trusts and also taking in to account the estimated construction period. The details of the calculation of capital interest is to be furnished in Project Report and also in EFC/PIB note.
- c) Foreign Exchange Component: while giving the estimated cost of the scheme, the foreign exchange component, if any, may also be indicated.

**2. Description:**

The key plan of the Port (Whenever applicable) marking the location, draught, broad components (civil works, equipments and dredging) is to be attached with the proposal.

**3. Basis of the Facilities Proposed”**

The basis of the proposed facilities is to be explained. Indication that the feasibility report / DPR is appended is also to be mentioned in the proposal.

**4. Justification:**

It may be seen whether the following points have been covered in the proposal

- a) Existing facilities/capacity
- b) Details of traffic handled
- c) Year wise capacity utilisation and reasons for shortfall in the capacity, if any, or manner of excessive utilisations, if any, with consequences witnessed.

- d) Year wise projections of requirements with basis for projections for each year duly supported by copies/extracts of the documents relied upon.
- e) Additional requirements.
- f) Reference to first stage clearance, if obtained
- g) Feasibility/detailed report prepared.
- h) Whether based on the recommendations of any committee / working group etc.

#### **5. Alternatives Considered:**

Various alternatives considered and reasons for choosing the proposed courses of action. This need to be suitably reflected in EFC / PIB case.

#### **6. IRR of 12%:**

Whether the proposed investment gives an IRR of 12% and if not why it is proposed to go in for this investment and how the loss is proposed to be cross subsidised.

#### **7. Mode of Execution:**

Agency through which the project will be executed.

#### **8. Schedule of Completion**

##### **8.1 Target date of**

- a) Sanction
- b) Award of contract
- c) Completion of project

##### **8.2 d) CPM/PERT chart (to be attached)**

##### **8.3 e) List of milestones (month-wise) to be attached.**

#### **9. Plan Outlay and Budget:**

8th Plan (Proposed to Planning Commission) : \_\_\_\_\_  
 Annual Plan : \_\_\_\_\_  
 BE 19 : \_\_\_\_\_

In case adequate Plan outlay and/or budget provision is/are not available, how the shortfall(s) is/are proposed to be met. Specific scheme from which the diversion of Plan Outlay and/or budget provision will be made should be named together with Plan Outlay and budget provision for the scheme. It will also to be explained whether or not such diversions will have any adverse impact on the progress of the scheme for which provision is curtailed.

**10. Phasing of Expenditure:**

| Year | Estimated Cost |    | Capitalised interest |  | Total |
|------|----------------|----|----------------------|--|-------|
|      | Loan / I.R     |    |                      |  |       |
| 1.   | 2.             | 3. | 4.                   |  | 5.    |
| a)   |                |    |                      |  |       |
| b)   |                |    |                      |  |       |
| c)   |                |    |                      |  |       |
| d)   |                |    |                      |  |       |

**11. Financing of the Project:**

- a) From Internal Resources
- b) From Extra Budgetary support such as loan from another Port Trust etc., (the source of such support should be clearly indicated).
  - i) Gross Budgetary Support
  - ii) Foreign assistance included in (i) above (the source and nature of such assistance to be indicated).
  - iii) Net budgetary support (i) and (ii). Total

**12. Financial viability:**

- a) Financial IRR
- b) Economic IRR

If the FIRR is less than 12% it should be explained precisely and clearly as to why it proposed to go in for the investment and how the losses under the proposed investment will be cross subsidised.

**13. Sensitivity Analysis:**

FIRR (with 10% increase in traffic)

- a) Financial
- b) Economic
- c) FIRR (with 10% fall in traffic)
  - a) Financial
  - b) Economic

- i) Whether sensibility analysis based on increase in cost/fall in traffic has been carried out and attached, if not, the reasons thereof.
- ii) Basis for various inputs in calculations of FIRR/EIRR should be fully explained.

**14. Staff Requirements:**

The requirement of staff should cover the following aspects:

- a) Total requirement of staff for the construction stage of project.
- b) A chart depicting the existing strength
- c) Out of the existing strength, how much staff can be located for executing the project.
- d) Basis of the assessment of requirement of staff.
- e) Then arrive at how many new posts have to be created.
- f) Detailed reasons for creating of each of the post together with comparison with execution of similar projects and operations and maintenance of similar existing facilities.
- g) Financial implication
- h) Maintenance and Operation staff:  
Details of working out requirement of operational staff.

**15. Environmental Clearance:**

Whether the details in proforma prescribed by M/o Environment & Forests sent to M/o Environment directly.

**16. Firmness of Estimate:**

- a) Whether the cost is firm and if so the basis thereof.
- b) Date on which the cost is firm
- c) If estimate is more than 6 months old, what is the latest estimate.

**17. Appointment of Consultants:**

If it is proposed to engage consultants, it should be brought out clearly.

**18. Externally Assisted Projects:**

In the externally aided projects, when it is obligatory to follow international competitive bidding procedure for major contracts, the position is to be reflected.

**19. In the following type of cases, additional information as per Annexures to be incorporated:**

- a) Construction of berths Annexure – A
- b) Procurement of Floating Crafts Annexure – B
- c) Procurement of equipments
- d) Construction of buildings Annexure –C
- e) RCE cases Annexure – D

**Annexure – A Construction of Berth – Nature of Queries**

- a) Information about the number of existing berths
- b) Information about capacity of each berth
- c) Berth occupancy of each berth



- d) Actual traffic handled during the last five years
- e) Traffic projections for the next 10 years
- f) Additional traffic berth-wise
- g) Basis for additional traffic
- h) Size/length of vessels handled in the last five years
- i) Size and length of vessels proposed to be handled at the new berth
- j) Any decrease in traffic handled/proposed to be handled in any particular year to be explained
- k) Traffic proposed to be handled to be supported by documents showing demands from user agencies/studies.
- l) Recommendations of the Working Group regarding traffic.

**Annexure – B Floating Crafts/Equipment – Nature of Queries:**

- a) In replacement proposals, clarification should be given as to how the Port was managing so far.
- b) Maintenance and repair expenditure during the last five years.
- c) Date of procurement and the normal economic life.
- d) If replacement proposal, full justification and explanation of any variation in staff is to be given.
- e) Information about fuel efficiency.
- f) Clarification as to why procurement is being proposed and why the port cannot hire such a craft.
- g) If it is a new craft, the port should explain the other alternatives considered and why they have not been accepted.
- h) If it is a case of tug, the number of tug days and tug movements to be given.
- i) Justification of the proposal should be adequately supported by traffic figures.

**Annexure – C Construction of Residential Quarters – Nature of Queries.**

- a) Actual housing satisfaction category-wise.
- b) BPE norms category-wise.
- c) Additional requirement category-wise.
- d) Plinth area proposed and as compared to BPE norms.
- e) Unit rate of construction and as compared to BPE norms.

**Annexure - D Revised Cost Estimates:**

Original Estimate :

Revised Estimate :

Excess :

Analysis of Excess (Total Amount:\_\_\_\_\_)

| Reasons for variation | Amount of excess | % |
|-----------------------|------------------|---|
|-----------------------|------------------|---|

Variation

a) Escalation

b) Change in scope/design of the work

c) Additions

d) Under estimate

e) Statutory increases

f) FE rate variation

g) Others

|       |       |       |
|-------|-------|-------|
| Total | _____ | _____ |
|       | _____ | _____ |

**Major Components involving excess**

|           | Component | Excess | %     |
|-----------|-----------|--------|-------|
| Variation |           |        |       |
| 1.        |           |        |       |
| 2.        |           |        |       |
| 3.        |           |        |       |
| 4.        |           |        |       |
| Total     | _____     | _____  | _____ |
|           | _____     | _____  | _____ |

A Comparative statement showing (Broad Component-wise)

i) Original Estimate

ii) Revised Estimate

iii) Excess

iv) Break-up of excess under various categories viz. Escalation, addition etc.,  
and Remarks.

Firmness of the RCE: (To be certified as on date)

I.R.P. on Revised Investment

a) Financial

b) Economic

(To be supported by detailed calculations)

Source of Funding of Excess Expenditure (including F.E)

Status of the Project

a) Delays, if any

b) Financial impact of delay on the project

c) Revised completion schedule

**E.M.D. GUARANTEE BOND**

(To be used by Scheduled Commercial Banks)

In consideration of the Board of Trustees of the Port of Visakhapatnam as a body corporate, duly constituted under the Major Port Trusts Act, 1963, (herein after called "The Visakhapatnam Port Trust Board") having agreed to exempt M/s. \_\_\_\_\_ (hereinafter called "the said Contractor(s) " from the demand, under the Terms and Conditions of Tender for \_\_\_\_\_ of E.M.D. for the due fulfillment by the said Contractor(s) of the Terms and conditions contained in the said tender, on production of a Bank Guarantee for Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_).

We, \_\_\_\_\_ (Name of the Bank) do hereby undertake to indemnify \_\_\_\_\_ (Name of the Bank) and keep indemnified, the Board to the extent of Rs. \_\_\_\_\_.

We, \_\_\_\_\_ (Name of the Bank) further agree that if a demand is made by the Port for honouring the Bank Guarantee.

We, \_\_\_\_\_ (Name of the Bank) have no right to decline to cash the same for any reason what so ever. The fact that there is a dispute between the said Contractor(s) and the Port is no ground for us \_\_\_\_\_ to decline to honour the Bank Guarantee. The very fact that we \_\_\_\_\_ (Name of the Bank) decline to honour the Bank Guarantee is a sufficient reason for the Port Trust Board to enforce the Bank Guarantee unconditionally without any reference to the said contractor(s).

2. We, \_\_\_\_\_ that further agree a mere demand by the Port Trust Board is sufficient for us \_\_\_\_\_ (Name of the Bank) to pay the amount covered by the Bank Guarantee without reference to the said Contractor (s) and any protest by the said Contractor(s) cannot be valid ground for us \_\_\_\_\_ (Name of the Bank) to decline payment to the Port Trust Board.

3. We, \_\_\_\_\_ (Name of the Bank) further agree that the guarantee herein contained shall remain in full force and effect during the period that would be taken for the performance of the said Tender and that it shall continue to be enforceable till all the dues of the Visakhapatnam Port Trust Board under or by virtue of the said Tender have been fully paid and its claim satisfied or discharged, or till the Visakhapatnam Port Trust Board certifies that the "Terms and Conditions of the said tender have been fully and properly carried out by the said Contractor (s) and accordingly, discharges the guarantee, subject however, that Visakhapatnam Port Trust Board shall have the rights under this bond to prefer a claim within the statutory limitation period.

If a notice of demand is served on the Bank by the Port Trust Board before the expiry of the Guarantee, then, notwithstanding anything to the contrary herein contained, the liability of the Bank under this Guarantee will continue until terminated by the operation of law.

4. We, \_\_\_\_\_ (Name of the Bank) further agree that the Port Trust Board shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder, to vary any of the Terms and Conditions of the said Tender or

to extend the time of performance by the said Contractor (s) from time to time or to postpone for any time or from time to time, any of the powers exercisable by the Port Trust Board against the said Contractor (s) and to forbear or enforce any of the Terms and conditions relating to the said Tender and we shall not be relieved from our liability by reasons of any such variation, or extension being granted to the said Contractor (s) or for any forbearance, act or omission on the part of the Port Trust Board or any indulgence by the Port Trust Board to the said Contractor (s) or any such matter or thing whatsoever which under the law relating to sureties would but for this provision have \_\_\_\_\_ effect \_\_\_\_\_ of \_\_\_\_\_ so \_\_\_\_\_ relieving us \_\_\_\_\_ (Name of the Bank).

5. We, \_\_\_\_\_ (Name of the Bank) lastly undertake not to revoke this guarantee during its currency except with the previous consent of the Visakhapatnam Port Trust Board in writing.

6. Not with standing anything mentioned here in above, the guarantee is restricted to Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) and shall remain in force until \_\_\_\_\_, unless a demand or claim under this guarantee is made on the said Bank in writing within the statutory limitation period i.e. before \_\_\_\_\_. (This date is to be computed as 3(Three) months from the date of expiry of B.G. period).

Dated the \_\_\_\_\_ day of \_\_\_\_\_ 20

For \_\_\_\_\_

(Name of the Bank)

**PERFORMANCE GUARANTEE BOND**

In consideration of the Board of Trustees of the Port of Visakhapatnam a body corporate, duly constituted under the Major Port Trusts Act, 1963, (herein after called "The Visakhapatnam Port Trust Board") having agreed to accept from \_\_\_\_\_ Name of the contractor (s) (herein after called "the said Contractor(s)" under the Terms and Conditions of work order No. \_\_\_\_\_ issued vide letter No. \_\_\_\_\_ dated \_\_\_\_\_ in respect of the work \_\_\_\_\_

Made between the Chairman, Visakhapatnam Port Trust Board and \_\_\_\_\_  
(Name of the Contractors) for value of Rs. \_\_\_\_\_ (here in after called the said agreement) a Bank Guarantee for 10% of the contract value of Rs \_\_\_\_\_ as agreed to by the contractor(s) for satisfactory performance of the work \_\_\_\_\_.

We, \_\_\_\_\_ (Name of the Bank) do hereby undertake to indemnify and keep indemnified, the Board to the extent of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_).

We, \_\_\_\_\_ (Name of the Bank) further agree that if a demand is made by the Port for honoring the Bank Guarantee.

We, \_\_\_\_\_ (Name of the Bank) have no right to decline to cash the same for any reason what so ever. The fact that there is a dispute between the said Contractor(s) and the Port is no ground for us \_\_\_\_\_ (Name of the Bank) to decline to honour the Bank Guarantee "the very fact that we \_\_\_\_\_ decline to honour the Bank Guarantee" is a sufficient reason for the Port Trust Board to enforce the Bank Guarantee unconditionally without any reference to the said contractor(s).

2. We, \_\_\_\_\_ (Name of Bank) further agree a mere demand by the Port Trust Board is sufficient for us \_\_\_\_\_ (Name of the Bank) to pay the amount covered by the Bank Guarantee without reference to the said Contractor (s) and any protest by the said Contractor(s) cannot be valid ground for us \_\_\_\_\_ (Name of the Bank) to decline payment to the Port Trust Board.

3. We, \_\_\_\_\_ (Name of the Bank) further agree that the guarantee herein contained shall remain in full force and effect during the period that would be taken for the performance of the said agreement and that it shall continue to be enforceable till all the dues of the Visakhapatnam Port Trust Board under or by virtue of the said agreement have been fully paid and its claim satisfied or discharged, or till the Visakhapatnam Port Trust Board certified that the "Terms and Conditions of the said agreement have been fully and properly carried out by the said Contractor (s) and accordingly, discharges the guarantee, subject

however, that Visakhapatnam Port Trust Board shall have the rights under this guarantee bond to prefer a claim within the statutory limitation period.

If a notice of demand them is served on the Bank by the Port Trust Board as mentioned above, notwithstanding anything to the contrary herein contained, the liability of the Bank under this Guarantee will continue until terminated by the operation of law.

4. We, \_\_\_\_\_ (Name of the Bank) further agree that the Port Trust Board shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder, to vary any of the Terms and Conditions of the said Tender or to extend the time of performance by the said Contractor (s) from time to time or to postpone for any time or from time to time, any of the powers exercised by the Port Trust Board against the said Contractor (s) and to forbear or enforce any of the Terms and conditions relating to the said Tender and we shall not be relieved from our liability by reasons of any such variation, or extension being granted to the said Contractor (s) or for any forbearance, act or omission on the part of the Port Trust Board or any indulgence by the Port Trust Board to the said Contractor (s) or any such matter or thing whatsoever which under the law relating to sureties would but for this provision have effect of so relieving us \_\_\_\_\_ (Name of the Bank).

5. We, \_\_\_\_\_ (Name of the Bank) lastly undertake not to revoke this guarantee during its currency except with the previous consent of the Visakhapatnam Port Trust Board in writing.

6. Notwithstanding anything mentioned here in above, the guarantee is restricted to Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) and shall remain in force if until \_\_\_\_\_ (date), if unless a demand or claim under this guarantee is made on the said Bank in writing within the statutory limitation period i.e. before \_\_\_\_\_. (This date is to be computed as 3 (Three) months from the date of expiry of B.G. period).

Dated the \_\_\_\_\_ day of \_\_\_\_\_ 20

For \_\_\_\_\_

(Name of the Bank)

**BANK GUARANTEE FOR SECURITY DEPOSIT IN LIEU OF DEPOSIT BOND**

(To be used by Scheduled Commercial Banks)

In consideration of the Board of Trustees of the Port of Visakhapatnam as a body corporate, duly constituted under the Major Port Trusts Act, 1963, (herein after called "The Visakhapatnam Port Trust Board") having agreed to exempt M/s. \_\_\_\_\_ (herein after called "the said Contractor(s) " from the demand, under the Terms and Conditions of work order No. \_\_\_\_\_, dated \_\_\_\_\_ in respect of the work of \_\_\_\_\_ made between Chairman, Visakhapatnam Port Trust Board and \_\_\_\_\_ Contractor(s) for value of \_\_\_\_\_ (herein after called the said agreement)a Security Deposit for the due fulfillment by the said Contractor(s) of the Terms and conditions contained in the said agreement on production of a Bank Guarantee for Rs \_\_\_\_\_ (Rupees \_\_\_\_\_).

We, \_\_\_\_\_ (Name of the Bank) do hereby undertake to indemnify \_\_\_\_\_ (Name of the Bank) and keep indemnified, the Board to the extent of Rs. \_\_\_\_\_.

We, \_\_\_\_\_ (Name of the Bank) further agree that if a demand is made by the Port for honouring the Bank Guarantee.

We, \_\_\_\_\_ (Name of the Bank) have no right to decline to cash the same for any reason what so ever. The fact that there is a dispute between the said Contractor(s) and the Port is no ground for us \_\_\_\_\_ to decline to honour the Bank Guarantee. The very fact that we \_\_\_\_\_ (Name of the Bank) decline to honour the Bank Guarantee is a sufficient reason for the Port Trust Board to enforce the Bank Guarantee unconditionally without any reference to the said contractor(s).

2. We, \_\_\_\_\_ that further agree a mere demand by the Port Trust Board is sufficient for us \_\_\_\_\_ (Name of the Bank) to pay the amount covered by the Bank Guarantee without reference to the said Contractor (s) and any protest by the said Contractor(s) cannot be valid ground for us \_\_\_\_\_ (Name of the Bank) to decline payment to the Port Trust Board.

3. We, \_\_\_\_\_ (Name of the Bank) further agree that the guarantee herein contained shall remain in full force and effect during the period that would be taken for the performance of the said Tender and that it shall continue to be enforceable till all the dues of the Visakhapatnam Port Trust Board under or by virtue of the said Tender have been fully paid and its claim satisfied or discharged, or till the Visakhapatnam Port Trust Board certifies that the "Terms and Conditions of the said tender have been fully and



properly carried out by the said Contractor (s) and accordingly, discharges the guarantee, subject however, that Visakhapatnam Port Trust Board shall have the rights under this bond to prefer a claim within the statutory limitation period.

If a notice of demand is served on the Bank by the Port Trust Board before the expiry of the Guarantee, then, notwithstanding anything to the contrary herein contained, the liability of the Bank under this Guarantee will continue until terminated by the operation of law.

4. We, \_\_\_\_\_ (Name of the Bank) further agree that the Port Trust Board shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder, to vary any of the Terms and Conditions of the said Tender or

to extend the time of performance by the said Contractor (s) from time to time or to postpone for any time or from time to time, any of the powers exercisable by the Port Trust Board against the said Contractor (s) and to forbear or enforce any of the Terms and conditions relating to the said Tender and we shall not be relieved from our liability by reasons of any such variation, or extension being granted to the said Contractor (s) or for any forbearance, act or omission on the part of the Port Trust Board or any indulgence by the Port Trust Board to the said Contractor (s) or any such matter or thing whatsoever which under the law relating to sureties would but for this provision have \_\_\_\_\_ effect \_\_\_\_\_ of \_\_\_\_\_ so \_\_\_\_\_ relieving us \_\_\_\_\_ (Name of the Bank).

5. We, \_\_\_\_\_ (Name of the Bank) lastly undertake not to revoke this guarantee during its currency except with the previous consent of the Visakhapatnam Port Trust Board in writing.

6. Notwithstanding anything mentioned here in above, the guarantee is restricted to Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) and shall remain in force until \_\_\_\_\_, unless a demand or claim under this guarantee is made on the said Bank in writing within the statutory limitation period i.e. before \_\_\_\_\_. (This date is to be computed as 3 (Three) months from the date of expiry of B.G. period).

Dated the \_\_\_\_\_ day of \_\_\_\_\_ 20

For \_\_\_\_\_

(Name of the Bank)

EXTRACT OF THE MINUTES OF THE MEETING NO.1 OF 2009-10 OF THE BOARD OF TRUSTEES HELD ON 29-05-2009

AGENDA ITEM NO. S-19

Sub: Delegation of financial powers and Administrative powers to Chairman, Dy.Chairman, HODs, Dy.HODs and Sub-Ordinate Officers.

RESOLUTION NO.26/2009-10

Board resolved to approve the following:

- a) To enhance the existing monetary limits to the Chairman, Dy.Chairman, HODs, Dy.HOD and to delegate the monetary powers to the Sub-Ordinate Officers as proposed at Annexure -A appended to the Note on Agenda subject to the approval of the Central Government under Section – 21 of the MPTAct,1963 and
- b) To authorize the Chairman, VPT to give executive instructions in respect of matters mentioned in Annexure–B enclosed to the Note on Agenda.

**EXISTING AND PROPOSED ADMINISTRATIVE DELEGATION OF POWERS**

| Sl. No | Description of activity  | Existing authorised Delegation of Powers |              |                                 |                                    |                            | Proposed Delegation of Powers |              |                     |                         |                          |
|--------|--|--|--------------|---------------------------------|------------------------------------|----------------------------|-------------------------------|--------------|---------------------|-------------------------|--------------------------|
|        |  | Chairman                                 | Dy. Chairman | HOD                             | Dy. HOD                            | Sub-ordinate Officers      | Chairman                      | Dy. Chairman | HOD                 | Dy. HOD                 | Sub-ordinate officers    |
| (1)    | (2)  | (3)                                      | (4)          | (5)                             | (6)                                | (7)                        | (8)                           | (9)          | (10)                | (11)                    | (12)                     |
| 1.     | Cash purchase after obtaining quotations (including stationery items)      | --                                       | --           | CMM Rs. 1,000 (in each case)    | MM Rs. 250 (in each case)          | AMM Rs. 100 (in each case) | --                            | --           | All HODs Rs. 25,000 | All Dy. HODs Rs. 10,000 | PS/EE/ DS/ RMO Rs. 5,000 |
| 2.     | Emergency purchase without calling for tenders including stationery items. | --                                       | --           | CMM upto Rs. 500 (in each case) | MM Rs. 50/- Annual ceiling Rs. 250 | DMM Rs. 50/- in each case  | --                            | --           | All HODs Rs. 10,000 | All Dy. HODs Rs. 5,000  | E.E/PS/DS/ RMO Rs. 3,000 |
|        |  |  |              |                                 |                                    |                            |                               |              | CMM Rs. 25,000      | MM Rs. 10,000           | DMM Rs. 5,000            |

| Sl. No. | Description  | EXISTING  |              |     |         | Chairman   | PROPOSED     |             |   |
|---------|--|---|--------------|-----|---------|--|--------------|-------------|---|
|         |  | Chairman  | Dy. Chairman | HOD | Dy. HOD |  | Dy. Chairman | HOD         | Dy. HOD   |
| (1)     | (2)  | (3)   | (4)          | (5) | (6)     | (7)  | (8)          | (9)         | (10)  |
| 4.      | To vary the quantity in case of Tenders / orders for supply of Stores. | --  | --           | --  | --      | Full Powers  | Full Powers  | Full Powers | * If the variation from the tenders / orders quantity does not exceed by more than 25% irrespective whether tender is accepted by his higher authorities. |
|         | Issue of Limited Tender Enquiries.                                     | 1) Upto Rs.50,000/- of Limited Tenders.<br>2) Above Rs.50,000/- Open Tenders by advertisement or special limited tenders to identified firms (source) with prior approval of Dy. Chairman/Chairman. |              |     |         | 1) Limited tenders upto Rs.5 lakhs.  |              |             |   |
| 5.      | Proposal with Estimate and Report.                                     | At present Rs.50,000/- proposals are to be supported with Estimate & Report.  |              |     |         | This limit may be enhanced to Rs.2 lakhs. Without finance vetting.   |              |             |   |
|         | Emergency works on nomination basis.                                   |   |              |     |         | Up to Rs.1 lakh to CE/CME only and Rs. 10 lakhs to Dy. Chairman.   |              |             |   |
| 6.      | Postponement of Tender opening   |   |              |     |         | Full justification shall be clearly specified on every proposal by the concerned Department.<br>Postponement of Tender opening -- Upto Rs. 50 lakhs to CE/CME/CMM. |              |             |   |

**VISAKHAPATNAM PORT TRUST  
MECHANICAL AND ELECTRICAL ENGINEERING DEPARTMENT**

No. ICME/MOF/PA/2010/814/

**ORDER**

Dt. -10-2010.

27

For speedy processing of Tenders and to ensure time-effectiveness/cost-effectiveness in all tenders of VPT, Chairman has directed to implement the following points with immediate effect.

- 1) All tenders for AMCs should be for a minimum period of 3 years for all values.
- 2) All tenders which are in pipeline and not opened till date are to be cancelled/corrigendum to be issued/new tenders to be issued as decided above at Sl.No.1.
- 3) In order to give more publicity for tenders, the tenders should be published in the newspapers as given below :
 

|                                     |  |
|-------------------------------------|--|
| a) Upto Rs. 5.00 Lakhs              | : To be hoisted in Website only.   |
| b) Rs.5.00 Lakhs to Rs. 50.00 Lakhs | : 5cc x 2 columns besides hoisting in Website  |
| c) Rs.50.00 Lakhs to Rs.2.00 Crores | : 10cc x 2 columns besides hoisting in Website   |
| d) Above Rs.2.00 Crores             | : 15cc x 2 columns or as per approval of Chairman depending on the value exceeding Rs.2.00 Crores besides hoisting in Website. |
- 4) After opening of the tender, the concerned initiating officer (EE/SE/MM) has to directly obtain clarifications from the firms in accordance with the NIT conditions and there after prepare comparative statement by compiling all the data received from the firm, entire tender document etc., and put up for the perusal of the tender committee members. Also it should be indicated in the tender document that Solvency Certificate/Work order/performance certificate/Annual turn over copies and any other documents should be duly notarised and submitted by the tenderer. Tender Committee will be convened for only taking the final decision with reference to pre-qualification of the firm. The second sitting of the tender Committee will be for deciding L-1 and placement of Work Order only, after opening of the price bid.
- 5) It will be the sole responsibility of the Section Officer (EE/SE/MM) to ensure that all tenders are hoisted in VPT Website in time. The NIT and the Tender documents have to be sent to Sr. Dy. Director (EDP) prior to the date of sale of documents by the initiating officer, Sr.Dy. Director (EDP) has to ensure to hoist on Website immediately.
- 6) After implementation of e-procurement in the Port, procurement action of all values have to be done through e-procurement module only.

26/10/10

**CHIEF MECHANICAL ENGINEER**

To

- 1) Dy. CME / SME/ ME(P)/MM for information and necessary action.
  - 2) S.E. (M/R) / S.E. (M/S) / S.E (E/T)/S.E. (E/M)/S.E (Mech.)/S.E. (Mech.)II for information and necessary action.
  - 3) All EXEs/AXEs/AEs for information and necessary action.
- Copy to : FA & CAO/CE/TM/DC/SECRETARY/CMO for information .  
 Copy to : P.A. to Chairman for kind information of Chairman  
 Copy to : P.A. to Dy. Chairman for kind information of Dy. Chairman  
 Copy to : P.A. to C.V.O. for kind information of C.V.O.

DESPATCHED

No.005COR012  
Government of India  
Central Vigilance Commission

Satendra Sharma, BSc-A,  
GPO Complex, I.N.A.  
New Delhi-110 023  
Dated : 25/10/2005

Office order No.58/10/05

Subject: Tendering Process - Negotiation with L-1.

A workshop was organised on 27<sup>th</sup> July 2005 at SCOPE New Delhi, by the Central Vigilance Commission, to discuss issues relating to tendering process including negotiation with L-1. Following the deliberations in the above mentioned work shop, the following issues are clarified with reference to para 2.4 of Circular No. 8/11 (2004) dated 18th November, 1998 on negotiation with L-1, which reflect the final consensus arrived at in the workshop.

- (1) There should not be any negotiations. Negotiations if at all shall be an exception and only in the case of proprietary items or in the case of items with limited source of supply. Negotiations shall be held with L-1 only. Counter offers tantamount to negotiations and should be treated at par with negotiation.
- (2) Negotiations can be recommended in exceptional circumstances only after due application of mind and recording valid, logical reasons justifying negotiations in case of inability to obtain the desired results by way of reduction in rates and negotiations prove infructuous. Satisfactory explanations are required to be recorded by the Committee who recommended the negotiations. The Committee shall be responsible for lack of application of mind in case its negotiations have only unnecessarily delayed the award of work/contract.
- (3) Further, it has been observed by the Commission that at times the Competent Authority takes an unduly long time to exercise the power of accepting the tender or negotiate or re-bidder. Accordingly, the modal time frame for recording such approval to completion of the entire process of Award of tenders should not exceed one month from the date of submission of recommendations. In case the file has to be approved at the next higher level a maximum of 15 days may be added for clearance at each level. The overall time frame should be within the validity period of the tender/contract.
- (4) In case of L-1 bidding and there should be re-tendering as per extant instructions.
- (5) The above instructions may be circulated to all concerned for compliance.

  
(Anjana Dube)  
Deputy Secretary

All Chief Vigilance Officers





विशेष सं. 28—(27/6/2006/2006)—08

REGISTERED NO. DL—(7/6/2006/2006)—08



# भारत का राजपत्र The Gazette of India

असामान्य

EXTRAORDINARY

भाग II—खण्ड I

PART II—Section I

सूचना के अधीन

PUBLISHED BY AUTHORITY

सं. 311

शुक्रवादि, जून 16, 2006 / ज्यैष्ठ 26, 1928

No. 311

NEW DELHI, FRIDAY, JUNE 16, 2006 / JYAISTHA 26, 1928

इस भाग में दिए हुए सूचना के अंतर्गत है कि यह सूचना, संसदीय कार्य में रखी जा सकती है।  
Separate paging is given to this Part in order that it may be filed as a separate compilation.

## MINISTRY OF LAW AND JUSTICE

(Legislative Department)

New Delhi, the 16th June, 2006 / Jyaishta 26, 1928 (Shukra)

The following Act of Parliament received the assent of the President on the 16th June, 2006, and is hereby published for general information:—

### THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

No. 37 of 2006

[16th June, 2006.]

An Act to provide for facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises and for matters connected therewith or incidental thereto.

Whereas a Resolution as to expediency of promulgation of certain industries by the Union was made under section 2 of the Industries (Development and Regulation) Act, 1951:

And whereas it is expedient to provide for facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises and for matters connected therewith or incidental thereto:

It is enacted by Parliament in the Fifty-seventh Year of the Republic of India as follows:—

#### CHAPTER I

#### Preliminary

1. (1) This Act may be called the Micro, Small and Medium Enterprises Development Act, 2006. [16th June, 2006.]

(2) It shall come into force on such dates as the Central Government may, by notification, in writing, and different dates may be appointed for different provisions of this Act and any

such enterprises, minimise the incidence of sickness among and enhance the competitiveness of such enterprises.

Procurement  
preference  
policy

11. For facilitating promotion and development of micro and small enterprises, the Central Government or the State Government may, by order validly from time to time, pronounce policies in respect of procurement of goods and services, produced and provided by micro and small enterprises, by its Ministries or departments, as the case may be, or its aided institutions and public sector enterprises.

Funds

12. There shall be constituted, by notification, one or more Funds to be called by such name as may be specified in the notification and there shall be credited thereto any grants made by the Central Government under section 13.

Grants by  
Central  
Government

13. The Central Government may, after due appropriation made by Parliament by law in this behalf, credit to the Fund or Funds by way of grants for the purposes of this Act, such sums of money as that Government may consider necessary to provide.

Administration  
and utilisation  
of Fund or  
Funds

14. (1) The Central Government shall have the power to administer the Fund or Funds in such manner as may be prescribed.

(2) The Fund or Funds shall be utilised exclusively for the measures specified in sub-section (1) of section 9.

(3) The Central Government shall be responsible for the coordination and ensuring timely utilisation and release of sums in accordance with such criteria as may be prescribed.

## CHAPTER V

### DELATED PAYMENTS TO MICRO AND SMALL ENTERPRISES

Liability of  
buyer to make  
payments

15. Where any supplier supplies any goods or renders any services to any buyer, the buyer shall make payments therefor on or before the date agreed upon between him and the supplier in writing or, where there is no agreement in this behalf, before the appointed day;

Provided that in no case the period agreed upon between the supplier and the buyer in writing shall exceed forty-five days from the day of acceptance or the day of deemed acceptance.

Date from  
which sum due  
at which  
interest is  
payable

16. Where any buyer fails to make payment of the amount to the supplier, as required under section 15, the buyer shall, notwithstanding anything contained in any agreement between the buyer and the supplier or in any law for the time being in force, be liable to pay compound interest with monthly rests to the supplier on that amount from the appointed day or, as the case may be, from the date immediately following the date agreed upon, at three times of the bank rate notified by the Reserve Bank.

Recovery of  
amount due

17. For any goods supplied or services rendered by the supplier, the buyer shall be liable to pay the amount with interest thereon as provided under section 16.

Reference to  
Micro and  
Small  
Enterprises  
Facilitation  
Council

18. (1) Notwithstanding anything contained in any other law for the time being in force, any party to a dispute may, with regard to any amount due under section 17, make a reference to the Micro and Small Enterprises Facilitation Council.

(2) On receipt of a reference under sub-section (1), the Council shall either itself conduct conciliation in the matter or seek the assistance of any institution or centre providing alternate dispute resolution services by making a reference to such an institution or centre, for conducting conciliation and the provisions of sections 65 to 81 of the Arbitration and Conciliation Act, 1996 shall apply to such a dispute as if the conciliation was initiated under



P.UDAYAKUMAR  
Director (Planning & Marketing)

NSIC  
ISO9001-2008

THE NATIONAL SMALL INDUSTRIES CORPORATION LTD.  
(A GOVERNMENT OF INDIA ENTERPRISE)  
NSIC BHAWAN, OKHLA INDUSTRIAL ESTATE  
NEW DELHI (INDIA)

No.NSIC/HO/GP/15(4)/2013-14

Dated 07.07.2013

**Sub: Effective Implementation of "Public Procurement Policy for Micro and Small Enterprises (MSEs) Order 2012"**

Dear Sir,

Keeping in view the importance and contribution of Micro and Small Enterprises Sector in the national economy, their production and growth is a national priority. Marketing is a crucial area where institutional support is required by MSEs. The Government of India, Ministry of Micro Small and Medium Enterprises, New Delhi vide their Gazette Notification dated 26.03.2012 has notified that Micro and Small Enterprises are eligible to get the following benefits under "Public Procurement Policy" for Micro and Small Enterprises (MSEs) Order 2012" (Copy enclosed).

1. Issue of the Tender Sets free of cost.
2. Exemption from payment of Earnest Money Deposit.
3. In tenders participating MSEs quoting price within price band of L1+15 per cent shall also be allowed to supply a portion up to 20% of requirement by bringing down their price to L1 price where L1 is non MSEs
4. Every Central Ministries/Departments/PSUs shall set an annual goal of minimum 20 per cent of the total annual purchases of the products of services produced or rendered by MSEs. Out of annual requirement of 20% procurement from MSEs 4% is earmarked for units owned by Scheduled Caste/Scheduled Tribes. This will become mandatory from 2015-2016 fiscal.
5. 358 Items reserved for exclusive purchase from MSEs

It is pertinent to mention here that the Micro and Small Enterprise Sector constitute the most important integral of Indian economy as this sector contributes about 40% of GDP, employment generation and equal contribution towards country's exports.

At the same time this sector is facing problems in the area of marketing their goods as well as arranging finance for managing their enterprise. In case they are required to pay EMD and tender fee they have to engage a sizeable part of their capital which ultimately drains out the money required for managing their activities to keep up the pace of the production.

Keeping in view this fact, the Government of India, has therefore extended the above benefits to Micro and Small Enterprises so that the pace of development and growth in this sector moves in tandem with the overall national economic growth.

To achieve this objective, Government of India under Government Store Purchase Programme introduced Single Point Registration Scheme\* for Micro and small Enterprises wherein the National Industries Corporation has been mandated to implement the Scheme. Micro and small Enterprises registered under the Scheme with NSIC are treated at par with those registered with DGS&D.

NSIC enlists Micro and Small Enterprises under Single Point Registration after evaluating the commercial and technical competency of manufacturing of stores/providing services conforming to BIS or such standard as required by the Central/State/UTS Government Departments including Central/State Government/Public Sector Undertakings

It is therefore requested to kindly impress upon the purchasing Departments under your control to ensure that Micro and Small Enterprises registered with NSIC are extended the aforesaid facilities as per Public Procurement Policy for Micro & Small Enterprises (MSEs) Order 2012. This will go a long way in providing the much needed marketing support to the Micro and Small Enterprises Sector and ultimately will help your Organization to meet the 20% annual purchase target from MSEs.

For any assistance in this regard, our 153 Offices in the Country can be contacted and details can also be obtained from our website [www.nsic.co.in](http://www.nsic.co.in)

Yours faithfully,

Sd/-xx  
(P.Udayakumar)  
Director (Plg & Mrktg)

To

The Chairman  
Visakhapatnam Port Trust  
Visakhapatnam – 530 035.

Encl: Copy of Public Procurement Policy.


**NATIONAL BUILDINGS CONSTRUCTION CORPORATION LIMITED**

(A Government of India Enterprise)

**CORPORATE H.R.M. POLICY DIVISION**

Phone: 011- 24369939, 24367314-17

Fax: 011-6995

 E-mail: [pers@nbcc.co.in](mailto:pers@nbcc.co.in)

NBCC Bhawan

Lodhi Road

New Delhi - 110 003

**CIRCULAR**
**SUB : "Effective Implementation of Public Procurement Policy for Micro & Small Enterprises (MSEs) Order 2012"**

Enclosed please find herewith a Communication No. SIC/DPM/HO/Corrs/09/2015 dated 10<sup>th</sup> July, 2015 addressed to our Director (Projects) from National Small Industries Corporation Ltd., New Delhi alongwith Gazette Notification issued by Govt. of India on the subject, which is self-explanatory.

All the RBGs/SBGs/Zonal Incharges are impressed upon to comply with the directives given in the Gazette Notification at the time of procurement.

Encl: A/A

No.: NBCC:HRM(Policy Cell):2015:3879

  
**[MANAS KAVIRAJ]**  
**GENERAL MANAGER (HRM)**  
 Dated : 28.07.2015

**Distribution : Through ERP :**

1. All EDs / HODs in Corporate Office.
2. All RBG Heads / SBGs / Zonal Incharges / Unit Incharges, NBCC Limited.
3. OSD to CMD / SEOs to Director (Finance) / SEOs to Director (Projects) / EO to Director (Commercial) / CVO
4. ED(PMG), NBCC Ltd., Corporate Office, New Delhi.
5. CGM (CSR/Training), NBCC Ltd, New Delhi.
6. GM(Admn.), NBCC Ltd., Corporate Office.
7. AGM(HRM)- "Establishment Non-Executive", NBCC Ltd., Pragati Vihar, New Delhi.
8. Circular File / Despatch Section, HRM, HQ.

  
**[AJAY KUMAR GULATI]**  
**DEPUTY GENERAL MANAGER (HRM)**





पी उदयकुमार  
निदेशक (योजना एवं विपणन)  
P. UDAYAKUMAR  
Director (Planning & Marketing)

4350/HK  
16/7/15

7/16  
15/7/15

एन एस आई सी  
NSIC  
SINCE 1971

राष्ट्रीय लघु उद्योग निगम लिमिटेड

NATIONAL SMALL INDUSTRIES CORPORATION LTD.

(A GOVERNMENT OF INDIA ENTERPRISE)

"NSIC BHAWAN" OKHLA INDUSTRIAL ESTATE

NEW DELHI-110020 (INDIA)

C.N. - U74140DL1555001002481

No.SIC/DPM/HO/Corrs/09/2015

10<sup>th</sup> July 2015

**Sub: Effective implementation of Public Procurement Policy  
for Micro & Small Enterprises (MSEs) Order 2012"**

Dear *Shri. S.K. Chaudhary*

This has reference to your DO letter no. NBCC:DP:2015:1052 dated 04.07.2015 addressed to our CMD regarding exemption of tender fee and EMD in respect of contractors registered with NSIC under Single Point Registration Scheme.

As you might be aware that the Government of India, Ministry of Micro Small & Medium Enterprises, New Delhi vide their Gazette Notification dated 26.03.2012 notified that Micro & Small Enterprises registered with NSIC are eligible to get the following benefits under "Public Procurement Policy for Micro & Small Enterprises (MSEs) Order 2012":

1. Issue of the Tender Sets free of cost;
2. Exemption from payment of Earnest Money Deposit (EMD),
3. In tender participating MSEs quoting price within price band of L1+15 per cent shall also be allowed to supply a portion up to 20% of requirement by bringing down their price to L1 Price where L1 is non MSEs.
4. 358 items reserved for exclusive purchase from MSEs.

Further, as per aforesaid order, every Central Ministry or Department or Public Sector Undertaking is required to set an annual goal of procurement of minimum of 20% (4% out of this from SC/ST MSEs) of total annual purchases of products produced and services rendered by Micro and Small Enterprises and same shall be made mandatory from 1<sup>st</sup> April 2015. The very basic objective of the Order is to facilitate promotion and development of micro and small enterprises by making them more competitive.

Tel: Off: (O) ++91-11-26927327, 26925275 Fax: ++91-11-26927307

E-mail: cpm@nsic.co.in, dcmsic@gmail.com

Website: <http://www.nsic.co.in>

E-Commerce Portal: [www.mseshopping.com](http://www.mseshopping.com)

Contd.....

Regarding issuance of registration by NSIC to contractors/firms for taking up contract works, I would like to draw your attention to the aforesaid Order wherein it is mentioned that **'Annual Goal of Procurement also include sub contracts to Micro & Small Enterprises by large enterprises and consortia of Micro and Small Enterprises formed by National Small Industries Corporation'**. (Copy of Public Procurement Policy for Micro & Small Enterprises (MSEs) Order 2012 dt.23.3.2012 enclosed). Hence this provision applies to MSEs involved in work contract services also such as construction and other services. In view of this clarification, they are also eligible for the above benefits.

Hence, it is requested to extend the above benefits to micro and small enterprises registered with NSIC in terms of "Public Procurement Policy for Micro & Small Enterprises (MSEs) Order 2012.

Thanking you,

*For Home Deptt*

Yours sincerely,

(P Udayakumar)

Sh. S.K. Chaudhary  
Director (Project)  
National Building Construction Corporation Limited  
NBCC Bhawan, Lodhi Road  
New Delhi-110003



No. 1/42/2015-PMU  
Ministry of Finance  
Department of Economic Affairs  
\*\*\*\*

Dr. No. 1/65-738  
Dated: 30/12/2015

North Block, New Delhi  
December 29, 2015

OFFICE MEMORANDUM

**Sub: Engagement of Consultants by Ministries/Departments India from bilateral partners and multilateral organisations – Guidelines.**

An Inter-Ministerial Committee was set up under the chairmanship of Cabinet Secretary to revisit the matter of engagement of Consultants/Advisors from bilateral partners/multilateral organisations by various Ministries/Departments of the Government of India (GoI). Foreign Secretary and Secretary, Department of Economic Affairs were the other members of this Committee. The Committee obtained information about engagement of Consultants from all Ministries/Departments of GoI and reviewed the present method of engagement of Consultants, including the level of decision making, time frame for engagement and need/justification for external support.

2. After analysis of the Information received, it has been decided to constitute a Screening Committee comprising Cabinet Secretary, Secretary-Department of Economic Affairs and Secretary of the Ministry/Department concerned to screen and approve all future proposals of engagement of Consultants by the Ministries/Departments directly or through bilateral/multilateral agencies.

3. All contracts of existing Consultants whose tenure is coming to an end by or before 31.12.2015 may be terminated at the end of their consultancy tenure. No renewal beyond 31.12.2015 shall be granted to the exiting Consultants by the Ministry/Department unless approved by the Screening Committee.

4. As regards Consultants whose contract tenure is beyond 31.12.2015, their continuation has to be brought before the Screening Committee within a month's time with justifiable reasons for taking a decision on their continuance or otherwise.

5. Any proposal to engage new Consultants has to be placed before the Screening Committee mentioned above.

6. The following guidelines are prescribed for all Ministries/Departments for processing any proposal for extension/engagement of Consultants before bringing the matter to the Screening Committee:

- (i) Consultants should not be engaged for policy formulation. If assistance from Consultants is considered necessary, their role should be limited to presentation and analysis of possible options with supporting data and best practices etc.
- (ii) The decision to engage Consultants from bilateral partners/multilateral agencies has to be approved by the Minister in-charge of the concerned Ministry/Department before the proposal is referred to the Screening Committee.

- iii) Terms of Reference and procedure for the recruitment process should be transparent, robust and devoid of any ambiguity.
- iv) Candidates applying for the post will have to submit at least two references from referees of repute.
- v) In case of foreign nationals being engaged as Consultants, necessary security clearance from MHA has to be obtained.
- vi) Consultancy fee, salary, allowances etc. proposed to be paid to the Consultant have to be indicated upfront when the proposal is being placed before the Screening Committee. Any further enhancement has to be with the approval of the Screening Committee. In no case, the Ministry should be unaware of the consultancy fee/ salary and emoluments etc. being paid to the Consultant by the bilateral/multilateral agency.
- vii) Consultants will report only to the Ministry.
- viii) Consultants can be engaged for a tenure of one year at a time. Any extension beyond one year has to be approved by the Screening Committee afresh. An evaluation of the Consultant's performance has to be placed before the Screening Committee by the Ministry.
- ix) Maximum tenure of any Consultant in GoI for a particular assignment cannot exceed three years in any case.
- xi) There will be a break (cooling off period) of one year for a Consultant joining another Ministry/ Department after having worked in any GoI Ministry/ Department/State Government as a Consultant for a tenure.
- xii) The Consultant has to sign a confidentiality clause with the GoI. Ethics and Integrity clause is also to be put in place in the contract.
- xiii) Consultants shall not share data/information with the bilateral agency/multilateral agency or any person/institution outside the Government without the specific approval of the Secretary of the Ministry/Department concerned. Prior approval of the Ministry may also be taken before publishing any article based on the data, inputs and information obtained as part of the Consultant's work. The Ministries will process such requests within a period of 30 days.
- xiv) The arrangement to engage Consultants should not become permanent. They should be engaged for limited period and for specific purpose only.

2. The above may be noted for strict compliance by all concerned with immediate effect.

  
29-1-  
(Shaktikanta Das)

Secretary to the Government of India  
Tele : 2309 7611

To

Secretaries of all Ministries/Departments of Government of India including Not Aysor.

VISAKHAPATNAM PORT TRUST  
ACCOUNTS DEPARTMENT

SECRETARY/CE/DC/TM  
CME/CMO/I.T.Div/M.M.(Div.)

No.FA/Works/DOP  
Date: 03.04.2014

C I R C U L A R

Sub: Constitution of Tender Committee for finalization of tender works  
– Procurement of materials – Reg.

Ref: 1. GAD's Lr. No.IADM/LSM/DOP Dt. Dec.2010

2. This Office U.O. Note No.IACC/PA/2014 Dt.26.02.2014.

The existing procedure of constitution of Tender Committee for evaluation of tenders received for works and supply have been reviewed and it is observed that the existing constitution of Tender Committee is required to be broad based and especially in high value tenders costing more Rs.1 00 Crore. It is seen that Committee at present has been constituted comprising concerned HOD, FA&CAO and another HOD only. Which is not adequate and does not include the concerned Engineer who is responsible for finalization of tenders and execution of works. The Tender Committee should comprise the concerned HOD as Chairman of the Committee with other HOD's as members and the concerned Engineer who is involved in the project for execution of the work should be part of the Committee as convener to facilitate the Committee for taking/giving appropriate recommendation on any proposal. Apart from that values of the works/ tenders are also to be required to be enhanced to entrust more responsibility to the Dy HOD level and other Officers/Engineers so as to ensure that they are held accountable to the works carried out by them.

Accordingly, in super session to the administration circular under reference 1<sup>st</sup> cited the Chairman has accorded sanction for the revised monetary limits and accordingly the constitution of the Tender Committee has been revised for each department and the existing and the proposed members of the Committee is indicated in Annexure-1.

1) TENDER OPENING

Tender Opening in any Department has to be done by a designated Officer of the concerned Department irrespective of the monetary value. For opening of tenders in any department, the concerned department has to designate an Officer for tender opening and address a letter to the FA&CAO for nomination of an Officer



## TENDER COMMITTEE MEETINGS

While calling for any Tender Committee Meeting the Convener of the Committee has to give intimation to other members of the Committee indicating the date and time for the meeting and also enclose a detailed agenda note giving details of the proposal enclosing all relevant documents required to be perused by each member for deliberations at the Tender Committee meeting. It is observed that at present the practice of sending agenda note to the Tender Committee is not being followed which is not appropriate. As, the Tender Committee consists of members from other Departments other than the concerned Department executing the work it is necessary that the concerned department should enclose a detailed note along with relevant documents and circulate the same to all the members of the Tender Committee before the meeting so as to bring more transparency in the system. It is the responsibility of the convener of the Committee to ensure that the above procedure is followed strictly while calling any Tender Committee meeting. The role of the Tender Committee is restricted to the Agenda note prepared by the Department and therefore the Convener has to prepare the note clearly indicating the issues on which the Tender Committee is to deliberate and give its recommendations.

After the submissions of the recommendations of the Tender Committee the concerned HOD has to record the reasons either for acceptance or non-acceptance of the recommendations and thereafter send the proposal through Accounts Department for financial concurrence and approval of the Competent Authority.

The constitution of the Tender Committee is only for the purpose of evaluating the tenders received based on the NIT issued by the Department through open/E-Tender or limited tenders. The Tender Committee's role is limited only for the purpose of evaluating the bids received both technical and financial and give its appropriate recommendations to the Competent Authority for approval.

The Tender Committee constituted is not authorized for acting as a Committee to examine any other issues pertaining to the Department. Any other issues dealt by the Department for which if committee is required to be constituted the concerned department should move separate proposal through Finance and seek competent authority approval.

The constitution of the Tender Committee does not envisage any delegation of financial powers in respect of sanction of estimate/award of contract.

Single tender need not be passed over by the Tender Committee, in case of urgency, where further competition is not expected by recording the reasons thereto the offer can be opened and satisfying themselves about the price reasonability the offer can be recommended for further processing. However, the HOD of the user Department has invariably to certify the price reasonability.

In case of absence of TC member, concerned HOD will nominate an alternate member.

- 9) In case of civil tender valuing more than Rs.100 lacs, having need of PW materials like rails, sleepers etc. MM shall be also a member and CE may constitute the committee accordingly.
- 10) In respect of projects costing more than Rs.5.00 Crores evaluation and feasibility of the project, Appraisal Committee/Standing Committee will be formed with the following members.
- 1) Chairman – as Chairman of the Committee
  - 2) Dy. Chairman
  - 3) Chief Engineer (C)
  - 4) Chief Mechanical Engineer
  - 5) Traffic Manager
  - 6) Dy. Conservator
  - 7) Financial Advisor and Chief Accounts Officer
  - 8) Dy. HOD of the Project Proponent Department
- 9) Any Other Officer as co-opted member as decided by the HOD of the Project proponent Department.

The above constitution of the Committee will come into force with immediate effect.

This issue with the approval of the Chairman Dt.26.03.2014

Sd/- \*\*  
FA&CAO

Copy to: P.S. to Dy. Chairman for the kind information of Dy. Chairman  
Copy to: P.S. to Chairman for the kind information of Chairman  
Copy to: P.A. to CVO for the kind information of CVO  
Copy to: Resident Sr. Audit Officer/VPT for information.  
Copy to: Sr. Dy. CAO for information and necessary action.  
Copy to: all AOs/Sr.AO/SV for information and necessary action.

Copy of letter: 24021/28/98-PG dated 19/28.8.1998 from Sri V. K. Dang, Under Secretary to the Government of India, Ministry of Surface Transport (Ports Wing), New Delhi addressed to the Chairman, All Major Port Trusts.

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Sub: Life norms of the plant and machinery and norms for availability and utilization of Cargo Handling equipment.

I am directed to say that it has come to notice that outdated norms for life of various equipments fixed by various Committees are being followed by the Ports and are considered as impediments to quicker implementation of plan schemes drawn up by the Ports. In this direction, a Committee was constituted to examine the life norms and disposal procedures for plants and equipment and make its recommendations. The Committee has submitted its recommendations to the Government. After careful examination of the report of the Committee and in supersession of any order issued earlier on the subject, the Central Government has determined the economic life norms for plants and equipment as indicated in the enclosed Annexure-I. The economic life of the plants/equipment have been considered after taking into account the normal wear and tear and without any revamping, etc. These life norms may be made applicable to the existing plant and equipment as well as new additions. In case of existing plant and equipment, the accounting adjustment with respect to depreciation may be made.

2. The norms for availability and utilization of Cargo Handling Equipment as well as the calculation for determining the availability and utilization have been laid down in Annexure-II.

3. It is requested that the aforesaid procedure may kindly be followed with immediate effect.

4. This issues with the approval of Finance Wing vide their Dy. No. 200/TF-1/98 dated 14.5.1998.

| Sl. No.                                    | Description                      | Years |
|--|----------------------------------|-------|
| <b><u>I. CRANES</u></b>                    |                                  |       |
| 1  | Electric Wharf Crane             | 20    |
| 2  | Rail Mounted Quay Crane (RMQC)   | 20    |
| 3  | Rubber Tyred Gantry Crane (RTGC) | 20    |
| 4  | Rail Mounted Gantry Crane (RMGC) | 20    |
| 5  | Grab Crane                       | 20    |
| 6  | Mobile Crane                     | 10    |
| 7  | Harbour Mobile Crane             | 10    |
| 8  | Over Travelling Crane            | 15    |
| 9  | Floating Crane                   | 25    |
| 10   | Crawler Mounted Crane            | 10    |
| <b><u>II. LIFT TRUCKS / FORK LIFTS</u></b> |                                  |       |
| 1  | Diesel Forklift Truck            | 8     |
| 2  | Electric Forklift Truck          | 8     |
| 3  | Top Lift Truck                   | 8     |
| 4  | Forklift Truck                   | 8     |
| 5  | Reach Stacker                    | 8     |
| <b><u>III. LOADERS/SHUNTERS</u></b>        |                                  |       |
| 1  | Payloader                        | 8     |
| 2  | Power Shovel                     | 10    |
| 3  | Mini Dozer                       | 8     |
| 4  | Road Roller                      | 12    |
| 5  | Tractor                          | 10    |
| 6  | Trailer                          | 10    |
| 7  | Skid Shovel                      | 10    |
| 8  | Rear Dumper/Tipper               | 8     |
| 9  | Excavator with back shoe         | 8     |
| 10   | Road Sweeper                     | 8     |
| 11   | Trucks Shovel                    | 8     |
| <b><u>IV. LOCOS</u></b>                    |                                  |       |
| 1  | Diesel Locos                     | 20    |
| 2  | Loco Traverses                   | 15    |
| <b><u>VI. FLOATILLA</u></b>                |                                  |       |
| 1  | Dredgers                         | 20    |
| 2  | Tugs – Conventional              | 20    |
| 3  | Tugs – Others                    | 20    |
| 4  | Launches (all types)             | 20    |
| 5  | Barges (all types)               | 20    |
| 6  | Buoy Laying Vessels              | 20    |



| <b><u>VII. AUTOMOBILES</u></b> |  |   |
|--------------------------------|--|---|
| 1                              | Cars/Vans/Jeeps                        | 6 Years or 1.2 Lakhs KMs whichever is earlier |
| 2                              | Trucks/Lorries/Water Tankers/Ambulance | 8 Years or 2 Lakhs KMs whichever is earlier   |

| <b><u>VIII. PIPELINES</u></b> |                             |    |
|-------------------------------|-----------------------------|----|
| 1                             | Oil Pipelines               | 15 |
| 2                             | Sea Waterflushing pipeline  | 10 |
| 3                             | G.I. and RCC Water pipeline | 30 |
| 4                             | Steel & G.I. Water pipeline | 20 |
| 5                             | Pumping Plants              | 20 |
| 6                             | Shore pipeline for dredging | 10 |
| 7                             | HDPE Pipeline               | 10 |
| 8                             | Marine Unloading Arms       | 20 |
| 9                             | De-watering Pumps           | 10 |

| <b><u>IX. WORKSHOP MACHINERIES</u></b> |  |    |
|--|--|----|
| 1                                      | Machine Tools                            | 20 |
| 2                                      | Welding Plants                           | 15 |
| 3                                      | Diesel Welding Plants / <i>generator</i> | 10 |
| 4                                      | Compressors                              | 10 |

| <b><u>X. BULK HANDLING EQUIPMENT (OHC)</u></b> |                  |    |
|--|------------------|----|
| 1  | Wagon Tippers    | 20 |
| 2  | Stackers         | 20 |
| 3  | Reclaimers       | 20 |
| 4  | Shiploaders      | 20 |
| 5  | Bucket Unloaders | 20 |
| 6  | Barge Unloaders  | 20 |
| 7  | Conveyors        | 20 |

| <b><u>XI. ELECTRICAL EQUIPMENT</u></b> |                        |    |
|--|------------------------|----|
| 1                                      | Transformers (Outdoor) | 20 |
| 2                                      | Transformers (Indoor)  | 35 |
| 3                                      | Switchgears            | 25 |
| 4                                      | Lift                   | 15 |

| <b>XII. FIRE FIGHTING EQUIPMENT</b>  |   | 10 |
|--|---|----|
| <b>XIII. TELEPHONE EXCHANGE</b>  |   | 10 |
| <b>XIV. ELECTRONIC EQUIPMENT</b><br>Such as Medical Audio Visual & Communication |   | 10 |
| <b><u>XV. NAVIGATIONAL EQUIPMENT</u></b>   |   |    |
| 1  | All Radio Communication equipment & VHF equipment | 7  |
| 2  | Grabs   | 5  |
| 3  | Channel Buoys                                     | 15 |
| 4  | All Navigational Aids                             | 10 |

**CHECK LIST FOR INFORMATION ON PORT SECTOR PROEJCTS.****I. Background Information About the Port:**

- Name & location of the Port.
- Organisation & finance (copy of latest Annual Report)
- Main physical features: structures, equipment, draft available, navigational aids and marine crafts together with age profile etc., whether night navigational facilities available?
- Layout map of the Port.
- Main problems & bottlenecks.
- Is there any evidence of congestion at the Port? If so, data on pre-berthing detention and demurrages paid by the shippers during the last 3-5 years may be furnished.
- Number and size of vessels handled by the Port during last 3-5 years.
- Volume & composition traffic handled by the Port during last 3-5 years (commodity-wise).
- Capacity of the existing Berths/other facilities together with the basis and whether they are dedicated/captive berths?
- Rate of utilisation of the existing assets.
- Productivity indicators – handling rate per man day and per crane hour separately – commodity-wise & berth-wise.
- What is the natural hinterland of the Port?
- Financial position of the Port including outstanding debts, repayment of Govt. Dues and interest etc.

**II. Project details:**

- Salient features of the project together with the aim & objectives of the proposal.
- Board details of physical parameters of the project.
- Type of project.
- New construction/extension of an existing berth, jetty or wharf.
- Procurement of equipment, navigational aid like tugs, VTMS, Port Crafts etc.
- Improvement/augmentation of land transmission facilities like storage space/extension or improvement of transport facilitates within the port area, procurement of locos etc.
- Construction of break waters.
- Improvement of draft by deepening of the harbour or the navigation channel.

- Whether it is a new/augmentation proposal, replacement proposal, or both? If both, how much for replacement may be specified.
- Whether the project proposal has been cleared by the Ministry of Environment & Forests? If so, what safeguard measures have been suggested by the MOEF.

### **III. Demand Analysis:**

- Projection of future traffic for which the project has been proposed.
- Volume & composition of the projected traffic including transit traffic assumed.
- Break-up of the traffic projection between Coastal & Overseas.
- Origin & destination of the traffic to establish that it falls within the hinterland of the Port.
- Capacity of the new facility proposed together with the basis.
- Number and size of vessels proposed to be handled for the traffic proposed.
- Has there been a Simulation of ship arrivals & departures to guide investment on the facilities proposed? If so, the details thereof.

### **IV. Supply Analysis:**

- Whether capacity estimated above for the existing facilities/assets and that proposed under the present proposal is optimal?
- Whether the possibilities have been explored to improve the productivity the existing assets with a view to improve the capacity before making proposal? If so, the steps taken this direction may be indicated together with the estimated additional investment required and the order improvement in the capacity anticipated.
- Demand and supply gap based on the existing capacity available and traffic projections.
- To what extent the gap is proposed to be met with implementation of the project proposal.

### **V. Analysis of Alternatives:**

- Basis of the alternative(s) chosen or proposed.
- Detailed information required, for this purpose are as under:
- List of all technically viable alternatives considered.
- Economic analysis (Based on Discounted Cash flow Technique) for all the technically viable options taking into account the capital cost, annual O&M cost, life of project and also benefits in case the benefit stream for different alternatives are different.

### **VI. Technical Aspects:**

- Data on geographical and geological features of land, shoreline, sea bed conditions, maximum load permissible, tidal range etc.

- Whether required site investigations have been conducted? If so, results thereof.
- Whether any adjustment is necessary elsewhere in the Port to accommodate the change for the new facility proposed.

## **VII. Linked Projects:**

- List of linked projects if any, the cost, implementation schedule etc., may be furnished.

## **VIII. Cost Estimates:**

Capital cost:

Broad item wise break-up of capital cost proposed together with the basis of the quantities and rates/prices assumed.

Taxes and duties, contingency provision, supervision charges & provision made for the environmental safeguard measures assumed to be separately indicated.

Base date of the estimate.

Break up of the cost estimate between Rupees cost and FE cost together with the exchange rate assumed (date to be mentioned)

Interest during construction indicating the amount of loan proposed and the interest rate assumed.

Year-wise phasing of expenditure proposed (separately for rupee and FE component) together with basis.

Annual O & M Cost:

Broad item wise breakup of the annual O & M cost proposed together with basis. Actual annual O & M expenditure incurred by the Port on similar facility for the last 3/5 years.

Taxes & duties component assumed in the O & M cost may be separately specified.

The FE component, if any, may be separately indicated.

The above estimates would need to be based on current rates/prices.

## **IX. Source of Funding & Availability of Plan Funds:**

- Whether the possibility of private sector participation has been explored and if so, the details thereof.
- How much of the project cost is proposed to be funded by internal resources, budgetary support, foreign aid/grants, inter-corporate loans or bank borrowings?
- In case of user-oriented project, the terms of the loan may be specified.
- What is the plan outlay available for the project both in the Five-year and Annual Plan for the current year?
- In case the plan fund available is not adequate to meet the expenditure on the project proposed, the methods proposed to cover the gap may be specified including that of additional resource mobilization by way of tariff revision etc.



## **X. Project Implementation Schedule:**

- Name of the implementing agency and its track record.
- Number of on-going projects with the project authorities, if any.
- State of preparedness of the project authorities.
- Schedule of implementation of the project charts indicating the basis and reliability of time periods assumed for each of the activity. For PIB projects, a PERT/CPM chart may also be furnished.
- Whether any project monitoring cell is proposed to be set up for monitoring the project implementation.
- Whether there will be any disruption to the normal port operations during implementation of the project? If so, the methods proposed to cope with it.

## **XI. Benefits Estimate:**

### **Financial Benefits:**

Port revenue earnings are mainly from berth hire charges, wharf age, pilotage, storage etc. The financial benefits from a project would depend on the nature/type of project being considered. The annual revenue earnings from the project may be calculated based on the traffic build-up assumed and the current rates charged by the Port.

### **Economic Benefits:**

- Four main types of benefits accrue from the Port Projects.
- Savings in turn round time of vessels by reduction in the pre-berthing detentions as also due to savings in the service time of the vessels.
- Savings due to reduction in the ship operating cost.
- Savings due to reduction in the inventory cost due to faster turn round of the vessels.
- Savings due to reduction in handling losses.
- The type of benefits likely to accrue from a project would depend upon the nature of the project.
- The benefits from savings in the turn round time of vessels would need to be estimated separately for the Indian and foreign flag vessels. The basis of estimation of the standing charges of ships assumed may to be furnished.

## **XII. Viability Analysis:**

Financial Internal Rate of Return (FIRR)

Economic Internal Rate of Return (EIRR)

The viability analysis for project (both financial and economic) to be calculated based on incremental analysis.

Cash flow statements indicating the capital cost, annual O & M cost and revenue / benefits under without and with project situation, replacement cost, if any, computed at current rate/prices should be reflected in the cash flow statement against the appropriate years based on the life of the components.

Basis of the project life assumed.

Basis of the salvage value assumed at the end of the project life.

For economic viability analysis, the cost estimates to be considered should be net of taxes and duties and the FE component should be valued at current market rate of exchange with premium announced by the Government.

System cost, if any, should also be reflected separately. In case the project does not yield the minimum rate of return as prescribed by the Government, the increase in the charges/levies required in order to achieve the minimum rate of return may be estimated. If the project is proposed on grounds other than financial/economic returns, the details of the same may be furnished.

**MANUAL ON RULES & DEFINITIONS ON DELEGATION  
OF ENHANCED FINANCIAL POWERS TO PORTS TRUST AUTHORITIES  
BASED ON THE GENERAL FINANCIAL RULES**

| Sl. No. | Particulars                               |
|---------|---|
| 1.      | Budget Formulation                        |
| 2.      | Expenditure & Re-appropriation            |
| 3.      | Contingency Fund                          |
| 4.      | Plan & Non-Plan ( Capital Expenditure)    |
| 5.      | Power to Sanction Works & Its Execution   |
| 6.      | Procurement of Goods                      |
| 7.      | Purchase of Goods                         |
| 8.      | Tender Procedures                         |
| 9.      | Procedure for Advance payments            |
| 10.     | Procurement of Services                   |
| 11.     | Preparation of Request for Proposal (RFP) |
| 12.     | Outsourcing of Services                   |
| 13.     | Contingent & Miscellaneous Expenditure    |

**MANUAL ON RULES & DEFINITIONS ON DELEGATION  
OF ENHANCED FINANCIAL POWERS TO PORTS TRUST  
AUTHORITIES BASED ON THE GENERAL FINANCIAL RULES**

**1. BUDGET FORMULATION**

1.1 The Ministry of Finance, Budget Division, shall issue guide-lines for preparation of budget estimates from time to time. All the Ministries/Departments shall comply in full with these guidelines. **(Rule 43. (4))**

1.2 The budget shall contain the following **(Rule 44.):-**

- (i) Estimates of all Revenue expected to be raised during the financial year to which the budget relates.
- (ii) Estimates of all Expenditure for each programme and project in that financial year.
- (iii) Estimates of all interest and debt servicing charges and any repayments on loans in that financial year.
- (iv) Any other information as may be prescribed.

**1.3 Receipt Estimates. (Rule 45.) :** The detailed estimates of receipts will be prepared by the estimating authorities separately for each Major Head of Account in the prescribed form. For each Major Head, the estimating authority will give the break up of the Minor/Sub-head wise estimate along with actuals of the past three years. Where necessary, item-wise break up should also be furnished so as to highlight individual items of significance. Any major variation in estimates with reference to past actuals or / and budget Estimates will be supported by cogent reasons.

**1.4 Expenditure estimates. (Rule 46. (1)) :** The expenditure estimates shall show separately the sums required to meet the expenditure Charged on the Consolidated Fund under Article 112(3) of the Constitution and sums required to meet other expenditure for which a vote of the Lok Sabha is required under Article 113 (2) of the Constitution.

1.5 The estimates shall also distinguish provisions for expenditure on revenue account from that for other expenditure including expenditure on capital account, on loans by the Government and for repayment of loans, treasury bills and ways and means advances. **(Rule 46. (2))**



1.6 The detailed estimates of expenditure will be prepared by the estimating authorities for each unit of appropriation (Sub or Detailed or Object head) under the prescribed Major and Minor Heads of Accounts separately for Plan and Non-Plan expenditure. Estimates should include suitable provision for liabilities of the previous years left unpaid during the relevant year. **(Rule 46. (3))**

1.7 The estimates of Plan expenditure will be processed in consultation with the Planning Commission in accordance with the instructions issued by them. **(Rule 46. (4))**

1.8 The Revised Estimates of both Plan and Non-Plan expenditure and Budget Estimates for Non-Plan expenditure after being scrutinized by the Financial Advisers and approved by the Secretary of the Administrative Ministry or Department concerned will be forwarded to the Budget Division in the Ministry of Finance in such manner and forms as may be prescribed by them from time to time. **(Rule 46. (5))**

## **2. EXPENDITURE & REPPROPRIATION**

2.1 **Additional Allotment for excess expenditure. (Rule 58 (1)) :** A subordinate authority incurring the expenditure will be responsible for seeing that the allotment placed at its disposal is not exceeded. Where any excess over the allotment is apprehended, the subordinate authority should obtain additional allotment before incurring the excess expenditure. For this purpose, the authorities incurring expenditure should maintain a 'Liability Register' in Form GFR 6.

2.2 A disbursing Officer may not, on his own authority, authorize any payment in excess of the funds placed at his disposal. If the Disbursing Officer is called upon to honour a claim, which is certain to produce an excess over the allotment or appropriation at his disposal, he should take the orders of the administrative authority to which he is subordinate before authorizing payment of the claim in question. The administrative authority will then arrange to provide funds either by re-appropriation or by obtaining a Supplementary Grant or Appropriation or an advance from the Contingency Fund. **(Rule 58 (2))**

2.3 **Reappropriation of Funds.: (Rule 59. (1)) :** Subject to the provisions of Rule 10 of the Delegation of Financial Powers Rules, 1978, and also subject to such other general or specific restrictions as may be imposed by the Finance Ministry in this behalf, reappropriation of funds from one primary unit of appropriation to

another such unit within a grant or appropriation, may be sanctioned by a competent authority at any time before the close of the financial year to which such grant or appropriation relates.

2.4 Reappropriation of funds shall be made only when it is known or anticipated that the appropriation for the unit from which funds are to be transferred will not be utilized in full or that savings can be effected in the appropriation for the said unit. **(Rule 59. (2))**

2.5 Funds shall not be reappropriated from a unit with the intention of restoring the diverted appropriation to that unit when savings become available under other units later in the year. **(Rule 59. (3))**

2.6 An application for reappropriation of funds should ordinarily be supported by a statement in Form GFR 4 or any other special form authorized by departmental regulations showing how the excess is proposed to be met. In all orders, sanctioning reappropriation, the reasons for saving and excess of Rupees 1 Lakh or over and the primary units (secondary unit, wherever necessary), affected should be invariable stated. The authority sanctioning the reappropriation should endorse a copy of the order to the Accounts Officer. **(Rule 59. (4))**

### **3. CONTINGENCY FUND**

3.1 **Advance from Contingency Fund. (Rule 61. (1)) :** When a need arises to incur unforeseen expenditure in excess of the sanctioned grant or appropriation or on a new service not provided in Budget and there is not sufficient time for the voting of the Supplementary Demand and the passing of the connected appropriation bill before close of the financial year, an advance from the Contingency Fund set up under Article 267 (1) of the Constitution shall be obtained before incurring the expenditure.

3.2 An advance from the Contingency Fund shall also be obtained to meet expenditure in excess of the provisions for the service included in an Appropriation (Vote on Account) Act. **(Rule 61. (2))**

3.3 The application for an advance from the Contingency Fund should indicate inter alia the particulars of the additional expenditure involved and the sanction to the advance has also to indicate the sub-head and the primary unit of the Grant to which the expenditure appropriately relates. In case, however, any difficulty is felt, the matter should be referred to the Finance Ministry for clarification. **(Rule 61. (3))**



3.4 The procedure for obtaining an advance from the Contingency Fund and recoupment of the Fund shall be as laid down in the Contingency Fund of India Rules, 1952, as emended from time to time. **(Rule 61. (4))**

#### **4. PLAN & NON PLAN (CAPITAL ) EXPENDITURE**

**4.1 Plan or Non-plan Expenditure. (Rule 78.) :** Plan expenditure representing expenditure on Plan outlay approved for each scheme or organization by the Planning Commission and indicating the extent to which such outlays are met out of budgetary provisions shall be shown distinctly from the other (Non-Plan) expenditure in the accounts as well as in the Budget documents.

**4.2 Capital or Revenue Expenditure. (Rule 79. ) :** Significant expenditure incurred with the object of acquiring tangible assets of a permanent nature (for use in the organization and not for sale in the ordinary course of business) or enhancing the utility of existing assets, shall broadly be defined as Capital expenditure. Subsequent charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day-to-day running of the organization, including establishment and administrative expenses shall be shown separately in the Accounts.

**4.3 Capital Expenditure. (Rule 90.) :** Significant expenditure incurred with the object of acquiring tangible assets of a permanent nature (for use in the organization and not for sale in the ordinary course of business) or enhancing the utility of existing assets, shall broadly be defined as Capital expenditure. Subsequent charges on maintenance, repair, upkeep and working expenses, which are required to maintain the assets in a running order as also all other expenses incurred for the day-to-day running of the organization, including establishment and administrative expenses, shall be classified as Revenue expenditure. Capital and Revenue expenditure shall be shown separately in the Accounts.

**4.4** Capital expenditure is generally met from receipts of capital nature, as distinguished from ordinary revenues derived from taxes, duties, fees, fines and similar items of current income including extraordinary receipts. It is open to the Government to meet capital expenditure from ordinary revenues, provided there are sufficient revenue resources to cover this liability.

**4.5 Allocation between capital and revenue expenditure. (Rule 92.) :** The allocation between capital and revenue expenditure on a Capital Scheme for which separate Capital and Revenue Accounts are to be kept, shall be determined in accordance with such general or special orders as may be prescribed by the Government after consultation with the Comptroller and Auditor-General.

## **5. POWER TO SANCTION WORKS & ITS EXECUTION**

**5.1 Powers to sanction works (Rule 125.)** : The powers delegated to various subordinate authorities to accord administrative approval, sanction expenditure and re-appropriate funds for works are regulated by the Delegation of Financial Powers Rules, 1978, and other orders contained in the respective departmental regulations.

**5.2** A Ministry or Department at its discretion may directly execute repair works estimated to cost up to Rupees Thirty Lakhs after following due procedure indicated in Rule 132. **(Rule 126. – (1) )**

**5.3 Procedure for Execution of Works. (Rule 132. )** – The broad procedure to be followed by a Ministry or Department for execution of works under its own arrangements shall be as under:-

- (i) the detailed procedure relating to expenditure on such works shall be prescribed by departmental regulations framed in consultation with the Accounts Officer, generally based on the procedures and the principles underlying the financial and accounting rules prescribed for similar works carried out by the Central Public Works Department (CPWD);
- (ii) Preparation of detailed design and estimates shall precede any sanction for works;
- (iii) No work shall be undertaken before issue of Administrative Approval and Expenditure Sanction by the competent Authority on the basis of estimates framed;
- (iv) Open tenders will be called for works costing Rupees five lakhs to Rupees ten lakhs;
- (v) Limited tenders will be called for works costing less than Rupees five lakhs;
- (vi) Execution on Contract Agreement or Award of Work should be done before commencement of the work;

## **6. PROCUREMENT OF GOODS**

**6.1** This chapter contains the general rules applicable to all Ministries or Departments, regarding procurement of goods required for use in the public service. Detailed instructions relating to procurement of goods may be issued by the procuring departments broadly in conformity with the general rules contained in this Chapter. **(Rule 135.)**



## **6.2 Definition of Goods (Rule 136) :** The term 'goods' used includes

- all articles,
- material,
- commodities,
- livestock,
- furniture,
- fixtures,
- raw material,
- spares,
- instruments,
- machinery,
- equipment,
- industrial plant etc.

purchased or otherwise acquired for the use of Government But excludes books, publications, periodicals; etc. for a library.

**6.3 Fundamental principles of public buying (Rule 137) :** Every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy, transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement.

**6.4 The procedure to be followed** in making public procurement must conform to the following yardsticks:-

- (i) the specifications in terms of quality, type etc., as also quantity of goods to be procured, should be clearly spelt out keeping in view the specific needs of the procuring organisations. The specifications so worked out should meet the basic needs of the organisation without including superfluous and non-essential features, which may result in unwarranted expenditure. Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs;
- (ii) offers should be invited following a fair, transparent and reasonable procedure;

- (iii) the procuring authority should be satisfied that the selected offer adequately meets the requirement in all respects;
- (iv) the procuring authority should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required;
- (v) at each stage of procurement the concerned procuring authority must place on record, in precise terms, the considerations which weighed with it while taking the procurement decision.

**6.5 Authorities competent to purchase goods (Rule 138.):** An authority which is competent to incur contingent expenditure may sanction the purchase of goods required for use in public service in accordance with Schedule V of the Delegation of Financial Powers Rules, 1978, following the general procedure contained.

**6.6 Procurement of goods required on mobilisation(Rule 139.):** Procurement of goods required on mobilisation and/ or during the continuance of Military operations shall be regulated by special rules and orders issued by the Government on this behalf from time to time.

**6.7 Powers for procurement of goods (Rule 140) :** The Ministries or Departments have been delegated full powers to make their own arrangements for procurement of goods. In case however, a Ministry or Department does not have the required expertise, it may project its indent to the Central Purchase Organisation (e.g. DGS&D) with the approval of competent authority. The indent form to be utilised for this purpose will be as per the standard form evolved by the Central Purchase Organisation.

**6.8 Rate Contract (Rule 141) :** The Central Purchase Organisation (e.g. DGS&D) shall conclude rate contracts with the registered suppliers, for goods and items of standard types, which are identified as common user items and are needed on recurring basis by various Central Government Ministries or Departments. Definition of Registered suppliers is given in **Rule 142 below**. The Central Purchase Organisation will furnish and update all the relevant details of the rate contracts in its web site. The Ministries or Departments shall follow those rate contracts to the maximum extent possible.



## **6.9 Registration of Suppliers(Rule 142.) :**

- (i) With a view to establishing reliable sources for procurement of goods commonly required for Government use, the Central Purchase Organisation (e.g. DGS&D) will prepare and maintain item-wise lists of eligible and capable suppliers. Such approved suppliers will be known as "Registered Suppliers". All Ministries or Departments may utilise these lists as and when necessary. Such registered suppliers are *prima facie* eligible for consideration for procurement of goods through Limited Tender Enquiry. They are also ordinarily exempted from furnishing bid security along with their bids. A Head of Department may also register suppliers of goods which are specifically required by that Department or Office.
- (ii) Credentials, manufacturing capability, quality control systems, past performance, after-sales service, financial background etc. of the supplier(s) should be carefully verified before registration.
- (iii) The supplier(s) will be registered for a fixed period (between 1 to 3 years) depending on the nature of the goods. At the end of this period, the registered supplier(s) willing to continue with registration are to apply afresh for renewal of registration. New supplier(s) may also be considered for registration at any time, provided they fulfil all the required conditions.
- (iv) Performance and conduct of every registered supplier is to be watched by the concerned Ministry or Department. The registered supplier(s) are liable to be removed from the list of approved suppliers if they fail to abide by the terms and conditions of the registration or fail to supply the goods on time or supply substandard goods or make any false declaration to any Government agency or for any ground which, in the opinion of the Government, is not in public interest.

**6.10 Enlistment of Indian Agents (Rule 143) :** As per the Compulsory Enlistment Scheme of the Department of Expenditure, Ministry of Finance, it is compulsory for Indian agents, who desire to quote directly on behalf of their foreign principals, to get themselves enlisted with the Central Purchase Organisation (eg. DGS&D). However, such enlistment is not equivalent to registration of suppliers as mentioned under Rule 142 above.

**6.11 Reserved Items(Rule 144) :** The Central Government, through administrative instructions, has reserved all items of handspun and handwoven textiles (khadi goods) for exclusive purchase from Khadi Village Industries Commission (KVIC). It has also reserved all items of handloom textiles required by

Central Government departments for exclusive purchase from KVIC and/or the notified handloom units of ACASH (Association of Corporations and Apex Societies of Handlooms). The Central Government has also reserved some items for purchase from registered Small Scale Industrial Units. The Central Departments or Ministries are to make their purchases for such reserved goods and items from such units as per the instructions issued by the Central Government in this regard.

## **7. PURCHASE OF GOODS**

**7.1 Purchase of goods without quotation (Rule 145.) :** Purchase of goods upto the value of Rs. 15,000/- (Rupees Fifteen Thousand) only on each occasion may be made without inviting quotations or bids on the basis of a certificate to be recorded by the competent authority in the following format.

"I, \_\_\_\_\_, am personally satisfied that these goods purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price."

**7.2 Purchase of goods by purchase committee (Rule 146.):** Purchase of goods costing above Rs. 15,000/- (Rupees Fifteen Thousand) only and upto Rs. 1,00,000/- (Rupees One lakh) only on each occasion may be made on the recommendations of a duly constituted Local Purchase Committee consisting of three members of an appropriate level as decided by the Head of the Department. The committee will survey the market to ascertain the reasonableness of rate, quality and specifications and identify the appropriate supplier. Before recommending placement of the purchase order, the members of the committee will jointly record a certificate as under.

"Certified that we \_\_\_\_\_, members of the purchase committee are jointly and individually satisfied that the goods recommended for purchase are of the requisite specification and quality, priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the goods in question."

### **7.3 Purchase of goods directly under rate contract (Rule 147.) :**

(1) In case a Ministry or Department directly procures Central Purchase Organisation (e.g. DGS&D) rate contracted goods from suppliers, the prices to be paid for such goods shall not exceed those stipulated in the rate contract and the other salient terms and conditions of the purchase should be in line with those specified in the rate contract. The Ministry or Department



shall make its own arrangement for inspection and testing of such goods where required.

(2) The Central Purchase Organisation (e.g. DGS&D) should host the specifications, prices and other salient details of different rate contracted items, appropriately updated, on the web site for use by the procuring Ministry or Department.

7.4 A demand for goods should not be divided into small quantities to make piece meal purchases to avoid the necessity of obtaining the sanction of higher authority required with reference to the estimated value of the total demand. (Rule 148.)

## **8. TENDER PROCEDURES**

### **8.1 Purchase of goods by obtaining bids(Rule 149. )**

Except in cases covered under Rule 145, 146 and 147(1), Ministries or Departments shall procure goods under the powers referred to in Rule 140 above by following the standard method of obtaining bids in:

- (i) Advertised Tender Enquiry;
- (ii) Limited Tender Enquiry;
- (iii) Single Tender Enquiry.

### **8.2 Advertised Tender Enquiry(Rule 150.):**

(i) Subject to exceptions incorporated under Rules 151 and 154, invitation to tenders by advertisement should be used for procurement of goods of estimated value Rs. 25 lakh (Rupees Twenty Five Lakh) and above. Advertisement in such case should be given in the Indian Trade Journal (ITJ), published by the Director General of Commercial Intelligence and Statistics, Kolkata and at least in one national daily having wide circulation.

(ii) An organisation having its own web site should also publish all its advertised tender enquiries on the web site and provide a link with NIC web site. It should also give its web site address in the advertisements in ITJ and newspapers.

(iii) The organisation should also post the complete bidding document in its web site and permit prospective bidders to make use of the document downloaded from the web site. If such a downloaded bidding document is

priced, there should be clear instructions for the bidder to pay the amount by demand draft etc. along with the bid.

(iv) Where the Ministry or Department feels that the goods of the required quality, specifications etc., may not be available in the country and it is necessary to also look for suitable competitive offers from abroad, the Ministry or Department may send copies of the tender notice to the Indian embassies abroad as well as to the foreign embassies in India. The selection of the embassies will depend on the possibility of availability of the required goods in such countries.

(v) Ordinarily, the minimum time to be allowed for submission of bids should be three weeks from the date of publication of the tender notice or availability of the bidding document for sale, whichever is later. Where the department also contemplates obtaining bids from abroad, the minimum period should be kept as four weeks for both domestic and foreign bidders.

### **8.3 Limited Tender Enquiry(Rule 151.)**

(i) This method may be adopted when estimated value of the goods to be procured is up to Rupees Twentyfive Lakhs. Copies of the bidding document should be sent directly by speed post/registered post/courier/e-mail to firms which are borne on the list of registered suppliers for the goods in question as referred under **Rule 142 above**. The number of supplier firms in Limited Tender Enquiry should be more than three. Further, web based publicity should be given for limited tenders. Efforts should be made to identify a higher number of approved suppliers to obtain more responsive bids on competitive basis.

(ii) Purchase through Limited Tender Enquiry may be adopted even where the estimated value of the procurement is more than Rupees twenty-five Lakhs, in the following circumstances.

(a) The competent authority in the Ministry or Department certifies that the demand is urgent and any additional expenditure involved by not procuring through advertised tender enquiry is justified in view of urgency. The Ministry or Department should also put on record the natureof the urgency and reasons why the procurement could not be anticipated.



- (b) There are sufficient reasons, to be recorded in writing by the competent authority, indicating that it will not be in public interest to procure the goods through advertised tender enquiry.
- (c) The sources of supply are definitely known and possibility of fresh source(s) beyond those being tapped, is remote.
- (iii) Sufficient time should be allowed for submission of bids in Limited Tender Enquiry cases.

**8.4 Two bid system( Rule 152.) :** For purchasing high value plant, machinery etc. of a complex and technical nature, bids may be obtained in two parts as under :-

- (a) Technical bid consisting of all technical details alongwith commercial terms and conditions; and
- (b) Financial bid indicating item-wise price for the items mentioned in the technical bid.

The technical bid and the financial bid should be sealed by the bidder in separate covers duly superscribed and both these sealed covers are to be put in a bigger cover which should also be sealed and duly superscribed. The technical bids are to be opened by the purchasing Ministry or Department at the first instance and evaluated by a competent committee or authority. At the second stage financial bids of only the technically acceptable offers should be opened for further evaluation and ranking before awarding the contract.

**8.5 Late Bids :** In the case of advertised tender enquiry or limited tender enquiry, late bids (i.e. bids received after the specified date and time for receipt of bids) should not be considered. (Rule 153.)

**8.6 Single Tender Enquiry(Rule 154. ) :**

Procurement from a single source may be resorted to in the following circumstances:

- (i) It is in the knowledge of the user department that only a particular firm is the manufacturer of the required goods.
- (ii) In a case of emergency, the required goods are necessarily to be purchased from a particular source and the reason for such decision is to be recorded and approval of competent authority obtained.

(iii) For standardisation of machinery or spare parts to be compatible to the existing sets of equipment (on the advice of a competent technical expert and approved by the competent authority), the required item is to be purchased only from a selected firm.

**Note :** *Proprietary Article Certificate in the following form is to be provided by the Ministry/Department before procuring the goods from a single source under the provision of sub Rule 154 (i) and 154 (iii) as applicable.*

- (i) The indented goods are manufactured by M/s.....
- (ii) No other make or model is acceptable for the following reasons  
.....
- (iii) Concurrence of finance wing to the proposal vide: .....
- (iv) Approval of the competent authority vide:.....

\_\_\_\_\_  
(Signature with date and designation of the procuring officer)

**8.7 Contents of Bidding Document (Rule 155.):**:- All the terms, conditions, stipulations and information to be incorporated in the bidding document are to be shown in the appropriate chapters as below

Chapter – 1 : Instructions to Bidders.

Chapter – 2 : Conditions of Contract.

Chapter – 3 : Schedule of Requirements.

Chapter – 4 : Specifications and allied Technical Details.

Chapter – 5 : Price Schedule(to be utilised by the bidders for quoting their prices).

Chapter – 6 : Contract Form.

Chapter – 7 : Other Standard Forms, if any, to be utilised by the purchaser and the bidders.

**8.8 Maintenance Contract (Rule 156.):**

Depending on the cost and nature of the goods to be purchased, it may also be necessary to enter into maintenance contract(s) of suitable period either with the supplier of the goods or with any other competent firm, not necessarily the supplier of the subject goods. Such maintenance contracts are especially needed for sophisticated and costly equipment and machinery. It may however be kept in mind that the equipment or machinery is maintained free of charge by the supplier during



its warranty period or such other extended periods as the contract terms may provide and the paid maintenance should commence only thereafter.

#### **8.9 Bid Security(Rule 157.) :**

(i) To safeguard against a bidder's withdrawing or altering its bid during the bid validity period in the case of advertised or limited tender enquiry, Bid Security (also known as Earnest Money) is to be obtained from the bidders except those who are registered with the Central Purchase Organisation, National Small Industries Corporation (NSIC) or the concerned Ministry or Department. The bidders should be asked to furnish bid security along with their bids. Amount of bid security should ordinarily range between two percent to five percent of the estimated value of the goods to be procured. The exact amount of bid security, should be determined accordingly by the Ministry or Department and indicated in the bidding documents. The bid security may be accepted in the form of Account Payee Demand Draft, Fixed Deposit Receipt, Banker's Cheque or Bank Guarantee from any of the commercial banks in an acceptable form, safeguarding the purchaser's interest in all respects. The bid security is normally to remain valid for a period of forty-five days beyond the final bid validity period.

(ii) Bid securities of the unsuccessful bidders should be returned to them at the earliest after expiry of the final bid validity and latest on or before the 30th day after the award of the contract.

#### **8.10 Performance Security(Rule 158.) :**

(i) To ensure due performance of the contract, Performance Security is to be obtained from the successful bidder awarded the contract. Performance Security is to be obtained from every successful bidder irrespective of its registration status etc. Performance Security should be for an amount of five to ten per cent. of the value of the contract. Performance Security may be furnished in the form of an Account payee Demand Draft, Fixed Deposit Receipt from a Commercial bank, Bank Guarantee from a Commercial bank in an acceptable form safeguarding the purchasers interest in all respects.

(ii) Performance Security should remain valid for a period of sixty days beyond the date of completion of all contractual obligations of the supplier including warranty obligations.

(iii) Bid security should be refunded to the successful bidder on receipt of Performance Security.

## **9. PROCEDURE FOR ADVANCE & PART PAYMENTS**

**9.1 Advance payment to supplier(Rule 159) :** (1) Ordinarily, payments for services rendered or supplies made should be released only after the services have been rendered or supplies made. However, it may become necessary to make advance payments in the following types of cases:-

- (i) Advance payment demanded by firms holding maintenance contracts for servicing of Air-conditioners, computers, other costly equipment, etc.
- (ii) Advance payment demanded by firms against fabrication contracts, turn-key contracts etc.

Such advance payments should not exceed the following limits:

- (i) Thirty per cent. of the contract value to private firms;
- (ii) Forty per cent. of the contract value to a State or Central Government agency or a Public Sector Undertaking; or
- (iii) in case of maintenance contract, the amount should not exceed the amount payable for six months under the contract. Ministries or Departments of the Central Government may relax, in consultation with their Financial Advisers concerned, the ceilings (including percentage laid down for advance payment for private firms) mentioned above. While making any advance payment as above, adequate safeguards in the form of bank guarantee etc. should be obtained from the firm.

**(2) Part payment to suppliers :** Depending on the terms of delivery incorporated in a contract, part payment to the supplier may be released after it despatches the goods from its premises in terms of the contract.

**9.2 Transparency, competition, fairness and elimination of arbitrariness in the procurement process (Rule 160.) :** All government purchases should be made in a transparent, competitive and fair manner, to secure best value for money. This will also enable the prospective bidders to formulate and send their competitive bids with confidence. Some of the measures for ensuring the above are as follows:-

- (i) the text of the bidding document should be self-contained and comprehensive without any ambiguities. All essential information, which a bidder needs for sending responsive bid, should be clearly spelt out in the



bidding document in simple language. The bidding document should contain, inter alia;

- (a) the criteria for eligibility and qualifications to be met by the bidders such as minimum level of experience, past performance, technical capability, manufacturing facilities and financial position etc.;
- (b) eligibility criteria for goods indicating any legal restrictions or conditions about the origin of goods etc which may required to be met by the successful bidder;
- (c) the procedure as well as date, time and place for sending the bids;
- (d) date, time and place of opening of the bid;
- (e) terms of delivery;
- (f) special terms affecting performance, if any.

(ii) Suitable provision should be kept in the bidding document to enable a bidder to question the bidding conditions, bidding process and/ or rejection of its bid.

(iii) Suitable provision for settlement of disputes, if any, emanating from the resultant contract, should be kept in the bidding document.

(iv) The bidding document should indicate that the resultant contract will be interpreted under Indian Laws.

(v) The bidders should be given reasonable time to send their bids.

(vi) The bids should be opened in public and authorised representatives of the bidders should be permitted to attend the bid opening.

(vii) The specifications of the required goods should be clearly stated without any ambiguity so that the prospective bidders can send meaningful bids. In order to attract sufficient number of bidders, the specification should be broad based to the extent feasible. Efforts should also be made to use standard specifications which are widely known to the industry.

(viii) Pre-bid conference : In case of turn-key contract(s) or contract(s) of special nature for procurement of sophisticated and costly equipment, a suitable provision is to be kept in the bidding documents for a pre-bid conference for clarifying issues and clearing doubts, if any, about the specifications and other allied technical details of the plant, equipment and machinery projected in the bidding document. The date, time and place of

pre-bid conference should be indicated in the bidding document. This date should be sufficiently ahead of bid opening date.

(ix) Criteria for determining responsiveness of bids, criteria as well as factors to be taken into account for evaluating the bids on a common platform and the criteria for awarding the contract to the responsive lowest bidder should be clearly indicated in the bidding documents.

(x) Bids received should be evaluated in terms of the conditions already incorporated in the bidding documents; no new condition which was not incorporated in the bidding documents should be brought in for evaluation of the bids. Determination of a bid's responsiveness should be based on the contents of the bid itself without recourse to extrinsic evidence.

(xi) Bidders should not be permitted to alter or modify their bids after expiry of the deadline for receipt of bids.

(xii) Negotiation with bidders after bid opening must be severely discouraged. However, in exceptional circumstances where price negotiation against an ad-hoc procurement is necessary due to some unavoidable circumstances, the same may be resorted to only with the lowest evaluated responsive bidder.

(xiii) In the rate contract system, where a number of firms are brought on rate contract for the same item, negotiation as well as counter offering of rates are permitted with the bidders in view and for this purpose special permission has been given to the Directorate General of Supplies and Disposals (DGS&D).

(xiv) Contract should ordinarily be awarded to the lowest evaluated bidder whose bid has been found to be responsive and who is eligible and qualified to perform the contract satisfactorily as per the terms and conditions incorporated in the corresponding bidding document. However, where the lowest acceptable bidder against ad-hoc requirement is not in a position to supply the full quantity required, the remaining quantity, as far as possible, be ordered from the next higher responsive bidder at the rates offered by the lowest responsive bidder.

(xv) The name of the successful bidder awarded the contract should be mentioned in the Ministries or Departments notice board or bulletin or web site

### **9.3 Efficiency, Economy and Accountability in Public Procurement System (Rule 161 ):** Public procurement procedure is also to ensure efficiency, economy



and accountability in the system. To achieve the same, the following keys areas should be addressed :-

(i) To reduce delay, appropriate time frame for each stage of procurement should be prescribed by the Ministry or Department. Such a time frame will also make the concerned purchase officials more alert.

(ii) To minimise the time needed for decision making and placement of contract, every Ministry/Department, with the approval of the competent authority, may delegate, wherever necessary, appropriate purchasing powers to the lower functionaries.

(iii) The Ministries or Departments should ensure placement of contract within the original validity of the bids. Extension of bid validity must be discouraged and resorted to only in exceptional circumstances.

(iv) The Central Purchase Organisation (e.g. DGS&D) should bring into the rate contract system more and more common user items which are frequently needed in bulk by various Central Government departments. The Central Purchase Organisation (e.g. DGS&D) should also ensure that the rate contracts remain available without any break.

#### **9.4 Buy-Back Offer (Rule 162.):**

When it is decided with the approval of the competent authority to replace an existing old item(s) with a new and better version, the department may trade the existing old item while purchasing the new one. For this purpose, a suitable clause is to be incorporated in the bidding document so that the prospective and interested bidders formulate their bids accordingly. Depending on the value and condition of the old item to be traded, the time as well as the mode of handing over the old item to the successful bidder should be decided and relevant details in this regard suitably incorporated in the bidding document. Further, suitable provision should also be kept in the bidding document to enable the purchaser either to trade or not to trade the item while purchasing the new one.

### **10. PROCUREMENT OF SERVICES**

10.1 The Ministries or Departments may hire external professionals, consultancy firms or consultants (referred to as consultant hereinafter) for a specific job, which is well defined in terms of content and time frame for its completion or outsource certain services. (Rule 163.)

**10.2** This chapter contains the fundamental principles applicable to all Ministries or Departments regarding engagement of consultant(s) and outsourcing of services. Detailed instructions to this effect may be issued by the concerned Ministries or Departments. However, the Ministries or Departments shall ensure that they do not contravene the basic rules contained in this chapter. **(Rule 164.)**

**10.3 Identification of Work/Services required to be performed by Consultants(Rule 165.) :** Engagement of consultants may be resorted to in situations requiring high quality services for which the concerned Ministry/ Department does not have requisite expertise. Approval of the competent authority should be obtained before engaging consultant(s).

**10.4 Preparation of scope of the required work/service(Rule 166.) :** The Ministries/Departments should prepare in simple and concise language the requirement, objectives and the scope of the assignment. The eligibility and prequalification criteria to be met by the consultants should also be clearly identified at this stage.

**10.5 Estimating reasonable expenditure ( Rule 167.):** Ministry or Department proposing to engage consultant(s) should estimate reasonable expenditure for the same by ascertaining the prevalent market conditions and consulting other organisations engaged in similar activities.

**10.6 Identification of likely sources (Rule 168):**

(i) Where the estimated cost of the work or service is upto Rupees twenty-five lakhs, preparation of a long list of potential consultants may be done on the basis of formal or informal enquiries from other Ministries or Departments or Organisations involved in similar activities, Chambers of Commerce & Industry, Association of consultancy firms etc.

(ii) Where the estimated cost of the work or service is above Rupees twenty-five lakhs, in addition to (i) above, an enquiry for seeking 'Expression of Interest' from consultants should be published in at least one national daily and the Ministry's web-site. The web site address should also be given in the advertisements. Enquiry for seeking Expression of Interest should include in brief, the broad scope of work or service, inputs to be provided by the Ministry or Department, eligibility and the pre-qualification criteria to be met by the consultant(s) and consultant's past experience in similar work or service. The consultants may also be asked to send their comments on the



objectives and scope of the work or service projected in the enquiry. Adequate time should be allowed for getting responses from interested consultants

**10.7 Short listing of consultants(Rule 169.) :** On the basis of responses received from the interested parties as per **Rule 168 above**, consultants meeting the requirements should be short listed for further consideration. The number of short listed consultants should not be less than three.

**10.8 Preparation of Terms of Reference (TOR) (Rule 170):** The TOR should include

- (i) Precise statement of objectives;
- (ii) Outline of the tasks to be carried out;
- (iii) Schedule for completion of tasks;
- (iv) The support or inputs to be provided by the Ministry or Department to facilitate the consultancy.
- (vi) The final outputs that will be required of the Consultant;

## **11. PREPARATION OF REQUEST FOR PROPOSAL(RFP)**

**11.1 Preparation and Issue of Request for Proposal (RFP) (Rule 171):** RFP is the document to be used by the Ministry/34Department for obtaining offers from the consultants for the required work/service. The RFP should be issued to the shortlisted consultants to seek their technical and financial proposals. The RFP should contain :

- (i) A letter of Invitation
- (ii) Information to Consultants regarding the procedure for submission of proposal .
- (iii) Terms of Reference (TOR).
- (iv) Eligibility and pre-qualification criteria incase the same has not been ascertained through Enquiry for Expression of Interest.
- (v) List of key position whose CV and experience would be evaluated.

- (vi) Bid evaluation criteria and selection procedure.
- (vii) Standard formats for technical and financial proposal.
- (viii) Proposed contract terms.
- (ix) Procedure proposed to be followed for midterm review of the progress of the work and review of the final draft report.

**11.2 Receipt and opening of proposals(Rule 172.):** Proposals should ordinarily be asked for from consultants in 'Twobid' system with technical and financial bids sealed separately. The bidder should put these two sealed envelops in a bigger envelop duly sealed and submit the same to the Ministry or Department by the specified date and time at the specified place. On receipt, the technical proposals should be opened first by the Ministry or Department at the specified date, time and place.

**11.3 Late Bids (Rule 173.):** Late bids i.e. bids received after the specified date and time of receipt, should not be considered.

**11.4 Evaluation of Technical Bids (Rule 174.):** Technical bids should be analysed and evaluated by a Consultancy Evaluation Committee (CEC) constituted by the Ministry or Department. The CEC shall record in detail the reasons for acceptance or rejection of the technical proposals analysed and evaluated by it.

**11.5 Evaluation of Financial Bids of the technically qualified bidders(Rule 175.):** The Ministry or Department shall open the financial bids of only those bidders who have been declared technically qualified by the Consultancy Evaluation Committee as per **Rule 174** above for further analysis or evaluation and ranking and selecting the successful bidder for placement of the consultancy contract.

**11.6 Consultancy by nomination (Rule 176):** Under some special circumstances, it may become necessary to select a particular consultant where adequate justification is available for such single-source selection in the context of the overall interest of the Ministry or Department. Full justification for single source selection should be recorded in the file and approval of the competent authority obtained before resorting to such single-source selection.



**11.7 Monitoring the Contract (Rule 177):** The Ministry/Department should be involved throughout in the conduct of consultancy, preferably by taking a task force approach and continuously monitoring the performance of the consultant(s) so that the output of the consultancy is in line with the Ministry /Department's objectives.

## **12. OUTSOURCING OF SERVICES**

**12.1 Outsourcing of Services(Rule 178) :** A Ministry or Department may outsource certain services in the interest of economy and efficiency and it may prescribe detailed instructions and procedures for this purpose without, however, contravening the following basic guidelines.

**12.2 Identification of likely contractors (Rule 179.) :** The Ministry or Department should prepare a list of likely and potential contractors on the basis of formal or informal enquiries from other Ministries or Departments and Organisations involved in similar activities, scrutiny of 'Yellow pages', and trade journals, if available, web site etc.

**12.3 Preparation of Tender enquiry (Rule 180):** Ministry or Department should prepare a tender enquiry containing, inter alia:

- (i) The details of the work or service to be performed by the contractor;
- (ii) The facilities and the inputs which will be provided to the contractor by the Ministry or Department;
- (iii) Eligibility and qualification criteria to be met by the contractor for performing the required work/service;and
- (iv) The statutory and contractual obligations to be complied with by the contractor.

### **12.4 Invitation of Bids (Rule 181):**

(a) For estimated value of the work or service upto Rupees ten lakhs or less : The Ministry or Department should scrutinise the preliminary list of likely contractors as identified as per Rule 179 above, decide the prima facie eligible and capable contractors and issue limited tender enquiry to them asking for their offers by a specified date and time etc. as per standard

practice. The number of the contractors so identified for issuing limited tender enquiry should not be less than six.

**(b)** For estimated value of the work or service above Rupees ten lakhs: The Ministry or Department should issue advertised tender enquiry asking for the offers by a specified date and time etc. in at least one popular largely circulated national newspaper and web site of the Ministry or Department.

**12.5 Late Bids (Rule 182.):** Late bids i.e. bids received after the specified date and time of receipt, should not be considered.

**12.6 Evaluation of Bids Received . (Rule 183.):** The Ministry or Department should evaluate, segregate, rank the responsive bids and select the successful bidder for placement of the contract

**12.7 Outsourcing by Choice(Rule 184) :** Should it become necessary, in an exceptional situation to outsource a job to a specifically chosen contractor, the Competent Authority in the Ministry or Department may do so in consultation with the Financial Adviser. In such cases the detailed justification, the circumstances leading to the outsourcing by choice and the special interest or purpose it shall serve shall form an integral part of the proposal.

**12.8 Monitoring the Contract :** The Ministry or Department should be involved throughout in the conduct of the contract and continuously monitor the performance of the contractor. **(Rule 185.)**

### **13. CONTINGENT & MISCELLANEOUS EXPENDITURE**

**13.1** Rules relating to contingent expenditure are available at Rule 13 of the Delegation of the Financial Powers Rules, 1978 and Rules 96 to 98 of the Government of India (Receipts and Payments) Rules, 1983. **(Rule 290.)**

**13.2 Permanent Advance or Imprest (Rule 291.) :** Permanent advance or Imprest for meeting day to day contingent and emergent expenditure may be granted to a government servant by the Head of the Department in consultation with Internal Finance Wing, keeping the amount of advance to the minimum required for smooth functioning. Procedures for maintenance of permanent advance or imprest are available in para 10.12 of the Civil Accounts Manual, Volume I.

**13.3 Advances for Contingent and Miscellaneous purpose (Rule 292.) :**



(1) The Head of the Office may sanction advances to a Government Servant for purchase of goods or services or any other special purpose needed for the management of the office, subject to the following conditions:-

- (i) The amount of expenditure being higher than the Permanent Advance available, cannot be met out of it.
  - (ii) The purchase or other purpose can not be managed under the normal procedures, envisaging post procurement payment system.
  - (iii) The amount of advance should not be more than the power delegated to the Head of the Office for the purpose.
  - (iv) The Head of the Office shall be responsible for timely recovery or adjustment of the advance.
- (2) The adjustment bill, along with balance if any, shall be submitted by the government servant within fifteen days of the drawal of advance, failing which the advance or balance shall be recovered from his next salary(ies).

13.4 The Ministry or Department may sanction the grant of an advance to a Government Pleader in connection with law suits, to which Government is a party, up to the maximum limit of Rupees five thousand at a time. The amount so advanced should be adjusted at the time of settlement of Counsel's fee bills. (Rule 293.)

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| Sl. No. | Nature of Power  | Limits as per the Delegation of Powers Orders   | The Governing Body Recommendations  |
|---------|--|---|---|
| 6.      | To Provide immediate relief to the families of employees who die while in service                                  | Chairman – Full Powers in respect of Class I and II Officers<br>Dy. Chairman – Full Powers in respect of Class III and IV Officers  | Deputy Chairman – Full Powers for Class I, II & IV  |
| 7.      | To grant Advances / Final Withdrawals from it  | Chairman – Full Powers<br>Dy. Chairman – Full powers in R/O officers / staff of his Department<br>HODs – Full powers in the officers / staff of his Department of this Division other than final withdrawals where special reasons are not required | Deputy Chairman – Full Powers for HODs<br><br>HODs – Full Powers in the officers / staff of his Department of this Division other than final withdrawals where special reasons are not required |
| 8.      | Transfer of subscription in r/o GPF balances of employees who join the Board's service from any Government Service | Chairman – Full powers in the case of Class-I officer excepting HODs.<br>Dy. Chairman – Full powers in the case of all Class II, III and IV employees.  | Deputy Chairman – Full Powers for Class-I excepting HODs.   |
| 9.      | Sanction of Pension/Gratuity   | Chairman – Full Powers.<br>Dy. Chairman – Full powers in the case of Class II, Class III & IV employees.<br>HODs – Full powers in the case of Class III and IV employees.   | Deputy Chairman – Full Powers for Class I & II<br><br>HODs – Full powers in the case of Class III and IV employees.   |
| 10.     | Extension of Medical Benefits to retired employees on payment of prescribed fees.                                  | Chairman – Full powers in respect of Class-I<br>Dy. Chairman – Full powers in respect of Class – II<br>HODs – Full powers in respect of Class – III & IV  | Deputy Chairman – Full powers in respect of Class-I & II<br>HODs – Full powers in respect of Class – III & IV   |

2. It was also decided that powers on incur expenditure to be sought at par with the powers mentioned in Section 93 i.e. powers to sanction capital Expenses. This will give adequate powers to Dy. Chairmen to sanction maintenance & recurring expenses.
3. In addition, Deputy Chairmen can be given primary responsibility for all Estate & land matters, Hospital management, Marketing and Business management, Labour and IR issues.


\*\*\*\*\*

17  
F.A. 800/CO/07/05/50

F.No.CD-15020/3/2014-T.F.1

Government of India  
Ministry of shipping  
TF-1Section  
\*\*\*\*\*

Transport Bhawan, New Delhi  
Dated: 21<sup>st</sup> December, 2016


ane (A)  
To,   
All autonomous bodies/attached/subordinate office and PSUs under  
Ministry of Shipping

Subject: Appraisal and Approval of Public Funded Schemes and Project  
(except matters required to be placed before the Cabinet  
Committee on Security) – regarding.

Sir, Madam

I am directed to refer to O. M letter dated 5<sup>th</sup> August, 2016  
downloaded from website of Department of Expenditure, Ministry of  
Finance (copy enclosed) on the subject mentioned above and to say that  
Dept. of Expenditure has issued new guidelines along with new  
SFC/EFC/PIB/DIB format for appraisal and approval of the Public Funded  
Schemes and projects.

2. Accordingly, all autonomous bodies/attached/subordinate office and  
PSUs under Ministry of Shipping are requested to comply with the  
guidelines/instruction of DoE for appraisal/approval of Public Funded  
Schemes and Projects.

  
(B. Krishnamoorthy)  
Director (Finance)

To  
As per list enclosed

Copy to JS(P)/JS(S)/Advisers(states/Eco.)

1213  
10-1-17



North Block, New Delhi.  
Dated: 05 August, 2016

OFFICE MEMORANDUM

**Subject: Appraisal and Approval of Public Funded Schemes and Projects (except matters required to be placed before the Cabinet Committee on Security)**

Reference is invited to this Department OM no. 24(35)/PF-II/2012 dated 29<sup>th</sup> Aug. 2014 regarding the guidelines for formulation, appraisal and approval of Public Funded Plan Schemes and Projects. With the announcement in the Union Budget 2016-17 of doing away with Plan Non-Plan distinction at the end of Twelfth Five Year Plan, it is imperative that a plan non-plan neutral appraisal and approval system is put into place. After a comprehensive review of the extant guidelines in this regard, the revised guidelines placed below will henceforth apply to the formulation, appraisal and approval of public funded schemes and projects, except matters required to be placed before the Cabinet Committee on Security.

**2. Schemes** are program based cost centres through which the Ministries and Departments spend their budgetary and extra-budgetary resources for delivery of public goods and services to the citizens. They are of two types:

- a) *Central Sector Schemes* are implemented by the Central Ministries/Departments through their designated implementation agencies and funds are routed through the functional heads relevant for the sector.
- b) *Centrally Sponsored Schemes* are implemented within the domain of National Development Agenda identified by the Committee of Chief Ministers constituted by NITI Aayog. They can have both *Central and State Components*. While the former are fully funded by the Central Government and implemented through functional heads like the central sector schemes in para-a above, the latter are routed through the inter-governmental transfer heads 3601/3602. The expenditure on State Components is shared between the Central and State Governments in accordance with the fund sharing pattern approved for the purpose.

**3. Projects** are best understood by the common-sense usage of the term. They involve one-time expenditure resulting in creation of capital assets, which could yield financial or economic returns or both. Projects may either be approved on stand-alone basis or as individual projects within an approved scheme envelope. They may be executed through budgetary, extra-budgetary resources, or a combination of both.

**4. Rationalization:** It was found that over the years Ministries/Departments had started operating small and multiple schemes, which spread resources too thinly to realise any meaningful outcomes. In the run up to the Union Budget 2016-17, Schemes were rationalized in consultation with the implementing Ministries/Departments. As per para-113 of the Budget Speech 2016, the number of Central Sector Schemes was brought down to around 300 and the number of Centrally Sponsored Schemes to around 30. However, this exercise is not an end in itself. In reiteration of the standing instructions in this regard and to ensure efficient management of public expenditure at all times, it is directed that henceforth:



i. No new Scheme or Sub-Scheme will be initiated without the prior "in-principle" approval of the Department of Expenditure. This will, however, not apply to the announcements made in the Budget Speech for any given year.

ii. The Statement of Budget Estimates should be prepared in accordance with the approved scheme architecture and any deviation in this regard should be a priori agreed with the concerned division of the Department of Expenditure.

iii. Administrative Ministries/Departments should continuously endeavour to merge, restructure or drop existing schemes and sub-schemes that have become redundant or ineffective with the passage of time. For this, the restriction of in-principle approval mentioned in para-(i) above will not apply.

iv. Department of Expenditure reserves the right to merge, restructure or drop any existing scheme or sub-scheme, in consultation with the Administrative Department concerned, to enhance efficiency and improve economies of scale in the execution of government programs.

**5. Formulation:** The quality of Scheme or Project Formulation is the key bottleneck leading to poor execution at the implementation stage, including time and cost over-runs, often resulting in a series of revised cost estimates. Additional time and effort spent at the scheme/ project formulation stage can not only save precious resources, but also enhance the overall impact, leading to a qualitative improvement in outcomes.

For all new Schemes, a Concept Paper should be prepared while seeking in-principle approval, holding stakeholder consultations, conduct of pilot studies etc. While submitting proposals for continuation of on-going schemes, a careful rationalization must be done through merger and dropping of redundant schemes. The feedback from the formulation stage should be used for improving the scheme design so that a Detailed Paper can be presented for appraisal at the EFC stage.

Similarly, project preparation should commence with a Feasibility Report, which helps establish the project is techno-economically sound and resources are available to finance the project. It provides a firm basis for starting land acquisition, approval of pre-investment activities, etc. In-principle approval for initiating a project will be granted by the Financial Adviser concerned after examining project feasibility and availability of financial resources.

Generic structure of a Detailed Paper for Schemes/Detailed Project Report for Projects is given at Annex-I. While designing new schemes/sub-schemes, the core principles to be kept in mind are economies of scale, separability of outcomes and sharing of implementation machinery. Schemes which share outcomes and implementation machinery should not be posed as independent schemes, but within a unified umbrella program with carefully designed convergence frameworks.

**6. Appraisal:** The institutional framework for appraisal of Schemes and Projects is given at Annex-II. Depending on the level of delegation, the Schemes will be appraised by the Expenditure Finance Committee (EFC) or the Standing Finance Committee (SFC), while Projects will be similarly appraised by the Public Investment Board (PIB) or the Delegated Investment Board (DIB). The step-wise time-lines for appraisal are given at Annex-III. The formats for submitting Schemes and Project Proposals are given at Annex-IVA and Annex-IVB respectively. For Schemes, a Concept/Detailed Paper which outlines the overall scheme



architecture and its main structural elements should be attached. Similarly, for Projects either the Feasibility or the Detailed Project Report should be attached. *The word Scheme is used here in a generic sense. It includes programs (umbrella schemes), schemes and sub-schemes, which, depending on the need, may be appraised as stand-alone cost centres.*

**7. New Bodies:** No new Company, Autonomous Body, Institution/University or other Special Purpose Vehicle should be set up without the approval of the Cabinet/Committee of the Cabinet, irrespective of the outlay, or any delegation that may have been issued in the past. All such cases would be appraised by the Committee of Establishment Expenditure chaired by the Expenditure Secretary for which separate orders will be issued by the Pers. Division. If setting up of a New Body involves project work, combined CEE/EFC/PIB may be held.

**8. Original Cost Estimates:** The delegation of powers for appraisal and approval of *Original Cost Estimates (OCE)* is given in the table below.

| Scheme/Project Appraisal |   | Scheme/Project Approval |   |
|--------------------------|---|-------------------------|---|
| Cost (Rs. Cr.)           | Appraisal by  | Cost (Rs. Cr.)          | Approval by   |
| Up to 100                | The Financial Adviser   | Up to 100               | Secretary of the Administrative Department  |
| > 100 & up to 500        | SFC/DIB Chaired by Secretary of the Admn. Dept.   | > 100 & up to 500       | Minister-in-charge of the Administrative Department   |
| > 500                    | EFC/PIB Chaired by the Expenditure Secretary, except departments/schemes/projects for which special dispensation has been notified by the Competent Authority | > 500 & up to 1000      | Minister-in-charge of the Admn. Dept. and Finance Minister, except where special powers have been delegated by the Finance Ministry |
|                          |   | > 1000                  | Cabinet/ Committee of the Cabinet concerned with the subject  |

**Note:** 1. The financial limits above are with reference to the total size of the Scheme/Project being posed for appraisal and includes budgetary support, extra-budgetary resources, external aid, debt/equity/loans, state share, etc.

2. Financial Advisers may refer any financial matter and may also seek participation of the Department of Expenditure in the SFC/DIB meetings, if required. For proposals above Rs. 300 crore such a participation would be mandatory.

3. Delegated powers should be exercised only when the budgetary allocation or medium-term scheme outlay as approved by Department of Expenditure is available.

4. While exercising delegated powers, the Ministries/Departments should also ensure the proposals are subject to rigorous examination in project design and delivery, and careful attention should be paid to recurring liabilities and fund availability after adjustment of the committed liabilities.

5. For appraisal and approval of PPP projects separate orders issued by the Department of Economic Affairs will apply.



**9. Revised Cost Estimates:** Any increase in costs due to statutory levies, exchange rate variation, price escalation within the approved time cycle and/or increase in costs up to 20 percent due to any other reason, are covered by the approval of the original cost estimates. Any increase in this regard would be approved by the Secretary of the Administrative Department concerned with the concurrence of the Financial Adviser.

Any increase in costs beyond 20 percent of the firmed-up cost estimates due to time overrun, change in scope, under-estimation, etc. (excluding increase in costs due to statutory levies, exchange rate variation and price escalation within the approved time cycle) should first be placed before a Revised Cost Committee chaired by the Financial Adviser (consisting of the Joint Secretary in-charge of the program division and representative of the Chief Adviser Cost as members) to identify the specific reasons behind such increase, identify lapses, if any, and suggest remedial measures for the same. The recommendations of the Revised Cost Committee should be placed for fresh appraisal and approval before the competent authority as per the extant delegation of powers (It may be noted that a firmed-up cost estimate here means a cost estimate which has been through the full appraisal and approval procedure as per the extant delegation of powers).

**10. Pre-Investment Activities** include preparation of Feasibility Reports, Detailed Project Reports; Pilot Experiments/Studies for Schemes; Survey/Investigation required for large projects; payment for land acquisition in accordance with the orders of a competent authority under the law; construction of boundary wall, access roads, minor bridges/culverts, water-power lines, site offices, temporary accommodation, etc. at the project site; preparation of environment management plans, forestry and wildlife clearances; compensatory afforestation, payment for conversion of forest land to non-forest purposes, etc.

Pre-investment activities up to Rs. 100 crore (including budgetary and extra-budgetary resources) may be approved by the Secretary of the Administrative Department with the concurrence of the Financial Adviser concerned provided financial resources are available and in-principle approval has been obtained, wherever necessary. For pre-investment activities above Rs. 100 crore, the prescribed appraisal and approval procedure should be followed. When firmed-up cost estimates are put up for approval, the expenditure on pre-investment activities should be included in the final cost estimates for the competent authority to get a full picture of the total resources required for the scheme or the project to be implemented.

**11. Medium Term Outlay:** It has been stated in para-110 of the Budget Speech 2016 that every scheme should have a sunset date and an outcome review. In the past, every scheme was revisited at the end of each plan period. After the Twelfth Five Year Plan, the medium term framework for schemes and their sunset dates will become coterminous with the Finance Commission Cycles, the first such one being the remaining Fourteenth Finance Commission (FFC) period ending March, 2020. This is necessary because fixation of medium term scheme outlay needs a clarity over flow of resources, which is likely to be available to both Central and State Governments over the Finance Commission periods.

Accordingly, it is directed that at the end of the Twelfth Plan period all Ministries/ Departments should undertake an outcome review and re-submit their Schemes for appraisal and approval, unless the scheme has already been made coterminous with the FFC period. The Department of Expenditure will, on its part, communicate, in consultation with the Budget Division, the outlays for both Central Sector and Centrally Sponsored



Schemes over the remaining FFC period. The same process will, *mutatis mutandis*, apply to the subsequent Finance Commission Cycles.

**12. Outcomes and Evaluation:** Finance Secretary vide D.O. 66(01)/PF-II/2015 Dated 18<sup>th</sup> May 2016 (Annex-V) has directed all Ministries/Department to prepare an output-outcome framework for each Central Sector and Centrally Sponsored Scheme with the approval of CEO NITI Aayog. Measurable outcomes, which deal with the quality aspect of schemes and programs, need to be defined over the relevant medium term framework; while physical and financial outputs need to be targeted on year-to-year basis in such a manner that it aggregates to achieve the measurable outcomes over the medium term. NITI Aayog, while approving the output-outcome framework, will kick-start a third party evaluation process for both Central Sector and Centrally Sponsored Schemes. Extension of Schemes from one Finance Commission Cycle to another would be contingent on the result of such an evaluation exercise.

**13. Repeal:** The following OM's of Department of Expenditure, and linked circulars of other Departments, including the erstwhile Planning Commission, are hereby superseded:

OM No. 24(35)/PF-II/2012 Dated 29<sup>th</sup> August, 2014

OM No. 1(1)/PF-II/2011 Dated 31<sup>st</sup> March, 2014

OM No. 1(3) PF-II/2001 Dated 1<sup>st</sup> April, 2010

OM No. 1(3)/PF-II/2001 Dated 15<sup>th</sup> November, 2007

OM No. 1(2)/PF-II/2003 Dated 7<sup>th</sup> May, 2003

OM No. 1(3)/PF-II/2001 Dated 16<sup>th</sup> February, 2002

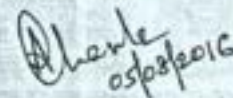
OM No. 1(8)/PF-II/1998 Dated 30<sup>th</sup> October, 1998

OM No. 1(6)/PF-II/1991 Dated 24<sup>th</sup> August, 1992

OM No. 1(4)/PF-II/1984 Dated 25<sup>th</sup> August, 1984

The concerned Departments may, however, reissue their linked circulars in consultation with the Department of Expenditure after suitably realigning it with the new circular.

This issues with the approval of the Finance Minister and will come into effect with immediate effect.



(Arunish Chawla)

Joint Secretary to the Government of India

All Secretaries to the Government of India  
All Financial Advisers to Ministries/Departments  
Cabinet Secretariat  
Prime Minister's Office  
NITI Aayog  
Railway Board  
Internal Circulation

All Secretaries to the Government of India  
All Financial Advisers to Ministries/Departments  
Cabinet Secretariat  
Prime Minister's Office  
NITI Aayog  
Railway Board  
Internal Circulation



**GENERIC STRUCTURE OF A DETAILED PAPER/DETAILED PROJECT REPORT**

(i) **Context/Background:** This section should provide a brief description of the sector/sub-sector as well as the national strategy and policy framework. This section should also provide a general description of the scheme/project being posed for appraisal.

(ii) **Problems to be addressed:** This section should elaborate the problem to be addressed through the project/scheme at the local/regional/national level. Evidence regarding the nature and magnitude of the problems should be presented, supported by baseline data/survey/ reports etc.

(iii) **Aims and Objectives:** This section should indicate the development objectives proposed to be achieved, ranked in order of importance. The outputs/deliverables expected for each development objective should be spelt out clearly.

(iv) **Strategy:** This section should present an analysis of alternative strategies available to achieve the development objectives. Reasons for selecting the proposed strategy should be brought out. Basis for prioritization of locations should be indicated (wherever relevant). Opportunities for leveraging government funds through public-private partnership or savings through outsourcing must be explored. This section should also provide a description of the ongoing initiatives, and the manner in which duplication can be avoided and synergy created with the proposed scheme/project.

(v) **Target Beneficiaries:** There should be clear identification of target beneficiaries. Stakeholder analysis should be undertaken, including consultation with stakeholders at the time of scheme/project formulation. Options regarding cost sharing and beneficiary participation should be explored and incorporated in the project. Impact of the project on weaker sections of society, positive or negative, should be assessed and remedial steps suggested in case of any adverse impact.

(vi) **Legal Framework:** This section should present the legal framework, if relevant, within which the scheme/project will be implemented, as well as the strengths and weaknesses of the legal framework in so far as it impacts on achievement of stated objectives.

(vii) **Environmental Impact:** Environmental Impact Assessment should be undertaken, wherever required, and measures identified to mitigate the adverse impact, if any. Issues relating to land acquisition, diversion of forest land, wildlife clearances, rehabilitation and resettlement should be addressed in this section.

(viii) **Technology:** This section should elaborate on the technology choices, if any; evaluation of the technology options, as well as the basis for choice of technology for the proposed project.



(ix) **Management:** Responsibilities of different agencies for project management or scheme implementation should be elaborated. The organization structure at various levels, human resource requirements, as well as monitoring arrangements should be clearly spelt out.

(x) **Finance:** This section should focus on the cost estimates, budget for the scheme/project, means of financing and phasing of expenditure. Options for cost sharing and cost recovery (user charges) should be explored. Infrastructure projects may be assessed on the basis of the cost and tenor of the debt. Issues relating to project sustainability, including stakeholder commitment, operation-maintenance of assets after project completion and other related issues should also be addressed in this section.

(xi) **Time Frame:** This section should indicate the proposed zero date for commencement and also provide a PERT/CPM chart, wherever relevant.

(xii) **Cost Benefit Analysis:** Financial and economic cost-benefit analysis of the project should be undertaken wherever such returns are quantifiable. Such an analysis should generally be possible for infrastructure projects, but may not always be feasible for public goods and social sector projects. Even in the case of latter, the project should be taken up for appraisal before the PIB and some measurable outcomes/deliverables suitably defined.

(xiii) **Risk Analysis:** This section should focus on identification and assessment of implementation risks and how these are proposed to be mitigated. Risk analysis could include legal/contractual risks, environmental risks, revenue risks, project management risks, regulatory risks, etc.

(xiv) **Outcomes:** Success criteria to assess whether the development objectives have been achieved should be spelt out in measurable terms. Base-line data should be available against which success of the project will be assessed at the end of the project (impact assessment). Similarly, it is essential that base-line surveys be undertaken in case of large, beneficiary-oriented schemes. Success criterion for scheme deliverables/outcomes should also be specified in measurable terms to assess achievement against proximate goals.

(xv) **Evaluation:** Evaluation arrangements for the scheme/project, whether concurrent, mid-term or post-project should be clearly spelt out. It may be noted that continuation of schemes from one period to another will not be permissible without a third-party evaluation.

Last but not the least, a self-contained Executive Summary should be placed at the beginning of the document. *In cases where only a Concept Paper or Feasibility Report is attached to the EFC/PIB proposal, it should cover the main points mentioned in the generic structure above.*



# **Institutional Arrangement for Appraisal of Schemes and Projects**

| <b>Expenditure Finance Committee (EFC)</b>   |                  |
|--|------------------|
| Expenditure Secretary  | Chairperson      |
| Secretary of the Administrative Ministry/Department  | Member           |
| Financial Advisor of the Administrative Ministry/Department  | Member           |
| Adviser, PAMD, NITI Aayog  | Member           |
| Representative of Budget Division  | Member           |
| Representatives of concerned Ministries/Agencies   | Member-Secretary |
| Joint Secretary, Department of Expenditure   |                  |
| <i>For appraisal of schemes of scientific nature, Scientific Adviser may be invited as Member.</i>   |                  |
| <b>Standing Finance Committee (SFC)</b>  |                  |
| Secretary of the Administrative Ministry/Department  | Chairperson      |
| Joint Secretary in Charge of the Subject Division  | Member           |
| Representative of NITI Aayog   | Member           |
| Financial Advisor of the Administrative Ministry/Department  | Member-Secretary |
| <i>Representative of Department of Expenditure and any other Ministry/Department that the Secretary/Financial Advisor may suggest may be invited as per requirement.</i> |                  |
| <b>Public Investment Board (PIB)</b>   |                  |
| Expenditure Secretary  | Chairperson      |
| Secretary of the Administrative Ministry/Department  | Member           |
| Financial Advisor of the Administrative Ministry/Department  | Member           |
| Adviser, PAMD, NITI Aayog  | Member           |
| Representative of Budget Division  | Member           |
| Representatives of concerned Ministries/Agencies   | Member-Secretary |
| Joint Secretary, Department of Expenditure   |                  |
| <i>For appraisal of scientific projects, Scientific Adviser may be invited as Member.</i>  |                  |
| <b>Delegated Investment Board (DIB)</b>  |                  |
| Secretary of the Administrative Ministry/Department  | Chairperson      |
| Joint Secretary in Charge of the Subject Division  | Member           |
| Representative of NITI Aayog   | Member           |
| Financial Advisor of the Administrative Ministry/Department  | Member-Secretary |
| <i>Representative of Department of Expenditure and any other Ministry/Department that the Secretary/Financial Advisor may suggest may be invited as per requirement.</i> |                  |

### Annexure-III

#### Time Frame for Appraisal and Approval of Schemes and Projects

The scheme/project cycle would commence with the submission of a Concept Paper/ Feasibility Report by the Administrative Ministry/ Department.

|        |  |  |
|--------|--|--|
| (i)    | Decision on "in principle" approval, if required   | 2 weeks  |
| (ii)   | Preparation of a Detailed Paper/Detailed Project Report by the Administrative Ministry/ Department and circulating the same along with draft EFC/PIB Memo. | The time limit will vary depending on the nature of scheme and project. This is an internal matter of the Administrative Ministry/ Department concerned. |
| (iii)  | Appraisal Note and Comments to be offered on the DP/DPR and draft EFC/PIB memo by Department of Expenditure, NITI Aayog and concerned Ministries/Agencies. | 4 weeks  |
| (iv)   | Preparation of final EFC/PIB Memo based on comments received, and circulating the same for Appraisal and Approval  | 2 weeks  |
| (v)    | Fixing the date of EFC/PIB meeting after receiving the final EFC/PIB Memo  | 1 week   |
| (vi)   | Issue of minutes of EFC/PIB after the meeting has been held  | 1 week   |
| (vii)  | On-file approval of Administrative Minister and Finance Minister   | 2 weeks  |
| (viii) | Submission for approval of the Cabinet/ Committee of the Cabinet (for proposals above Rs. 1,000 crore)   | 2 weeks  |

*Note: Wherever the recommended time frame is not adhered to any stage, the concerned organization should work out an appropriate trigger mechanism to take the matter to the next higher level for timely decision making.*



**FORMAT FOR EFC/SFC MEMORANDUM FOR APPRAISAL OF SCHEMES****1. Scheme Outline**

- 1.1 Title of the Scheme.
- 1.2 Sponsoring Agency (Ministry/ Department/Autonomous Body or Undertaking)
- 1.3 Total Cost of the proposed Scheme
- 1.4 Proposed duration of the Scheme
- 1.5 Nature of the Scheme: Central Sector Scheme/ Centrally Sponsored Scheme
- 1.6 For Central Sector Schemes, sub-schemes/components, if any, may be mentioned.  
For Centrally Sponsored Schemes, central and state components, if any, may be mentioned.
- 1.7 Whether a New or a Continuing Scheme? In case of a Continuing Scheme, whether the old scheme was evaluated and what were the main findings?
- 1.8 Whether in-principle approval is required? If yes, has it been obtained?
- 1.9 Whether a Concept Paper or a Detailed Paper has been prepared and stakeholders consulted? In case of new Centrally Sponsored Schemes, whether the State Governments have been consulted?
- 1.10 Which existing schemes/sub-schemes are being dropped, merged or rationalized?
- 1.11 Is there an overlap with an existing scheme/sub-scheme? If so, how duplication of effort and wastage of resources are being avoided?
- 1.12 In case of an umbrella scheme (program) give the details of schemes and sub-schemes under it along with the proposed outlay component-wise.

*Note: It may kindly be noted that the word scheme here is used in a generic sense. It includes programs, schemes and sub-schemes, which, depending on need, can be appraised and approved as stand-alone cost centers.*

**2. Outcomes and Deliverables**

- 2.1 Stated aims and objectives of the Scheme
- 2.2 Indicate year-wise outputs/deliverables in a tabular form.

| Components    | Year 1   |           | Year 2 & so on |           | Total    |           |
|---------------|----------|-----------|----------------|-----------|----------|-----------|
|               | Physical | Financial | Physical       | Financial | Physical | Financial |
| 1,2,3 & so on |          |           |                |           |          |           |

- 2.3 Indicate Outcomes of the Scheme in the form of measurable indicators which can be used to evaluate the proposal periodically. Baseline data or survey against which such outcomes should be benchmarked should also be mentioned.
- 2.4 Indicate other schemes/sub-schemes being undertaken by Ministries/Departments which have significant outcome overlap with the proposed scheme. What convergence framework have been evolved to consolidate outcomes and save public resources?



### 3. Target Beneficiaries

- 3.1 If the scheme is specific to any location, area and segment of population, please give the details and basis for selection.
- 3.2 Please bring out specific interventions directed in favour of social groups, namely SC, ST, differently abled, minorities and other vulnerable groups.
- 3.3 If the scheme has any gender balance aspects or components specifically directed at welfare of women, please bring them out clearly?
- 3.3 Please bring out special interventions, if any, in North East, Himalayan, LWE, Island territories and other backward areas.
- 3.4 In case of beneficiary oriented schemes, indicate the mechanism for identification of target beneficiaries and the linkage with Aadhaar/UID numbers.
- 3.5 Wherever possible, the mode of delivery should involve the Panchayati Raj Institutions and Urban Local Bodies. Where this is intended, the preparedness and ability of the local bodies for executing the proposal may also be examined.

### 4. Cost Analysis

- 4.1 Cost estimates for the scheme duration: both year-wise, component-wise segregated into non-recurring and recurring expenses.
- 4.2 The basis of these cost estimates along with the reference dates for normative costing.
- 4.4 In case pre-investment activities or pilot studies are being carried out, how much has been spent on these?
- 4.5 In case the scheme involves payout of subsidy, the year wise and component wise expected outgo may be indicated.
- 4.3 In case the land is to be acquired, the details of cost of land and cost of rehabilitation/resettlement, if any.
- 4.6 In case committed liabilities are created, who will or has agreed to bear the legacy burden? In case assets are created, arrangements for their maintenance and upkeep?

### 5. Scheme Financing

- 5.1 Indicate the sources of finance for the Scheme: budgetary support, extra-budgetary sources, external aid, state share, etc.
- 5.2 If external sources are intended, the sponsoring agency may indicate, as also whether such funds have been tied up?
- 5.3 Indicate the component of the costs that will be shared by the State Governments, local bodies, user beneficiaries or private parties?

### 6. Approvals and Clearances

Requirement of mandatory approvals and clearances from various local, state and national bodies and their availability may be indicated in a tabular form (land acquisition, environment, forestry, wildlife etc.)

| Agency concerned | S.No | Approvals/<br>Clearances | Agency concerned | Availability (Y/N) |
|------------------|------|--------------------------|------------------|--------------------|
|                  |      |                          |                  |                    |

## 7. Human Resources

7.1 Indicate the administrative structure for implementing the Scheme. Usually creation of new structures, entities etc. should be avoided

7.2 Manpower requirement, if any. In case posts, permanent or temporary, are intended to be created, a separate proposal may be sent on file to Pers. Division of Department of Expenditure (such proposals may be sent only after the main proposal is recommended by the appraisal body)

7.3 In case outsourcing of services or hiring of consultants is intended, brief details of the same may be provided.

## 8. Monitoring and Evaluation

8.1 Please indicate the monitoring framework for the Scheme and the arrangements for statutory and social audit (if any).

8.2 Please indicate the arrangement for third party/independent evaluation? Please note that evaluation is necessary for extension of scheme from one period to another.

9. Comments of the Financial Advisor, NITI Aayog, Department of Expenditure and other Ministries/Departments may be summarized in tabular form along with how they are being internalized and used to improve this proposal.

## 10. Approval Sought:

Joint Secretary to the Government of India

Tel. No.

Fax No.

E-mail

Joint Secretary to the Government of India

Tel. No.

Fax No.

E-mail

Please attach an Executive Summary along with the Concept/Detailed Paper outlining the main elements and overall architecture of the proposed Scheme.



**FORMAT FOR PIB/DIB MEMORANDUM FOR APPRAISAL OF PROJECTS****1. Project Outline**

- 1.1 Title of the Project
- 1.2 Sponsoring Agency (Ministry/ Department/Autonomous Body or Undertaking)
- 1.3 Proposed Cost of the Project
- 1.4 Proposed Timelines for the Project
- 1.5 Whether Project will be implemented as part of a scheme or on stand-alone basis?
- 1.6 Whether financial resources required for the Project have been tied up? If yes, details?
- 1.7 Whether Feasibility Report and/or Detailed Project Report has been prepared?
- 1.8 Whether the proposal is an Original Cost Estimate or a Revised Cost Estimate?
- 1.9 In case of Revised Cost Estimates, whether the meeting of Revised Cost Committee has been held and its recommendations suitably addressed?
- 1.10 Whether any land acquisition or pre-investment activity was under-taken or is contemplated for this Project? Whether the cost of such intervention has been included in the Project Proposal?

**2. Outcomes and Deliverables**

- 2.1 Stated aims and objectives of the Project
- 2.2 Indicate year-wise outputs/deliverables for the project in a tabular form:

| Activities    | Year 1   |           | Year 2 & so on |               | Total    |           |
|---------------|----------|-----------|----------------|---------------|----------|-----------|
|               | Physical | Financial | Physical       | Financial     | Physical | Financial |
| 1,2,3 & so on |          |           |                | 1,2,3 & so on |          |           |

- 2.3 Indicate final outcomes for the project in the form of measurable indicators which can be used for impact assessment/evaluation after the project is complete. Baseline data or survey against which such outcomes would be benchmarked should also be mentioned.

**3. Project Cost**

- 3.1 Cost estimates for the project along with scheduled duration (both year and activity-wise). Also the basis for these cost estimates along with the reference dates for normative costing (it should preferably not be more than a year old)
- 3.2 In case land is to be acquired, the details of land cost, including cost of rehabilitation/ resettlement needs to be provided
- 3.3 In case pre-investment activities are required, how much is proposed to be spent on these, with details activity-wise?
- 3.4 Whether price escalation during the project time cycle has been included in the cost estimates and at what rates?

- 3.5. Whether the Project involves any foreign exchange element, the provision made likely impact of exchange rate risks?
- 3.6. In case of the Revised Cost Estimates, a variation analysis along with the Report of the Revised Cost Committee needs to be attached.

#### 4. Project Finance

- 4.1. Indicate the sources of project finance: budgetary support, internal and extra-budgetary sources, external aid, etc.
- 4.2. Indicate the cost components, if any, that will be shared by the state governments, local bodies, user beneficiaries or private parties?
- 4.3. In case of funding from internal and extra-budgetary resources, availability of internal resources may be supported by projections and their deployment on other projects?
- 4.4. Please indicate funding tie-ups for the loan components, if any, both domestic and foreign, along-with terms and conditions of loan based on consent/comfort letters.
- 4.5. If government support/loan is intended, it may be indicated whether such funds have been tied up?
- 4.6. Please provide the leveraging details, including debt-equity and interest coverage ratios, along with justification for the same.
- 4.7. Mention the legacy arrangements after the project is complete, in particular, arrangements for the maintenance and upkeep of assets that will be created?

#### 5. Project Viability

- 5.1. For projects which have identifiable stream of financial returns, the financial internal rate of return may be calculated. *The hurdle rate will be considered at 10 percent.*
- 5.2. In case of projects with identifiable economic returns, the economic rate of return may be calculated. In such cases project viability will be determined by taking both financial and economic returns together.
- 5.3. In case of proposals where both financial and economic returns are not readily quantifiable, the measurable benefits/outcomes simply may be indicated.

**Note:** *It may kindly be noted that all projects, irrespective of whether financial and/or economic returns can be quantified or not, should be presented for PIB/DIB appraisal.*

#### 6. Approvals and Clearances

Requirement of mandatory approvals/clearances of various local, state and national bodies and their availability may be indicated in a tabular form (land acquisition, environment, forestry, wildlife etc.) In case land is required, it may be clearly mentioned whether the land is in the possession of the agency free from encumbrances or encroached or stuck in legal processes?



| S.No | Approvals/ Clearances | Agency concerned | Availability (Y/N) |
|------|-----------------------|------------------|--------------------|
|      |                       |                  |                    |

## 7. Human Resources

- 7.1 Indicate the administrative structure for implementing the Project. Usually creation of new structures, entities etc. should be avoided
- 7.2 Manpower requirement, if any. In case posts (permanent or temporary) are intended to be created, a separate proposal may be sent on file to Pers. Division of Department of Expenditure. Such proposals may be sent only after the main proposal is recommended by the appraisal body.
- 7.3 In case outsourcing of services or hiring of consultants is intended, brief details of the same may be provided.

## 8. Monitoring and Evaluation

- 8.1 Indicate the Project Management/Implementing Agency(s). What agency charges are payable, if any?
- 8.2 Mode of implementation of individual works: Departmental/Item-rate/Turnkey/EPC/Public-Private Partnership, etc.
- 8.3 Please indicate timelines of activities in PERT/Bar Chart along with critical milestones.
- 8.4 Please indicate the monitoring framework, including MIS, and the arrangements for internal/statutory audit.
- 8.5 Please indicate what arrangements have been made for impact assessment after the project is complete?

## 9. Comments of the Financial Advisor, NITI Aayog, Department of Expenditure and other Ministries/Departments may be summarized in tabular form along with how they have been internalized and used to improve this proposal.

## 10. Approval Sought:

(\_\_\_\_\_)

Joint Secretary to the Government of India

Tel. No. \_\_\_\_\_

Fax No. \_\_\_\_\_

E-mail \_\_\_\_\_

Please attach an Executive Summary along with the Feasibility Report/Detailed Project Report prepared for the Project.



Ashok Lavasa  
Finance Secretary

Government of India  
Ministry of Finance  
Department of Expenditure

Government of India  
Ministry of Finance  
Department of Expenditure

D.O.No.66(01)/PF.II/2015

18<sup>th</sup> May 2016

Dear Secretary,

Following rationalization of schemes in the 2016-17 BE, instructions were issued for preparation of outcome budgets with the approval of CEO, NITI Aayog. However, due to paucity of time outcome budget for 2016-17 was submitted in the old format with the understanding that follow up action will be taken soon thereafter.

2. It is again reiterated that outcomes need to be defined for both Central Sector Schemes and Centrally Sponsored Schemes. The following action needs to be taken in this regard:

- a) Measurable Outcomes need to be defined for each scheme over the medium term, that is going forward up to the year 2019-20 (the end of Fourteenth Finance Commission period).
- b) On the financial side, the budgetary allocation for 2016-17 may also be normatively projected going forward up to the year 2019-20 (assuming a normative increase of 5-10% every year).
- c) Year to year physical outputs, consistent with the financial resources projected above, need to be worked out in a manner that is not out of line with the measurable outcomes as defined in para (a) above.
- d) The output-outcome framework may be got approved from CEO, NITI Aayog by the end of the first quarter i.e. 30 June 2016.
- e) An evaluation framework will also be designed for each scheme based on this exercise. Continuation of any scheme beyond the Fourteenth Finance Commission period will be contingent on the result of such evaluation conducted by NITI Aayog.

3. I would request you to carefully identify the outcome parameters that would be true indicators of the desired outcome. This may be given top priority as the forthcoming RE/BE and outcome budgets will be based on this exercise.

With regards,

Yours sincerely,  
Sd/-  
(Ashok Lavasa)

Secretary to the Govt. of India as per list attached.

Copy to: CEO, NITI Aayog

### Autonomous Bodies under the Ministry of shipping

1. Jawaharlal Nehru Port Trust (JNPT)
2. Kolkata Port Trust (KoPT)
3. Cochin Port Trust (CoPT)
4. Chennai Port Trust (ChPT)
5. Kandla Port Trust (KPT)
6. Visakhapatnam Port Trust (VPT) ✓
7. V.O. Chidambarnar Port Trust (VoCPT)
8. Paradip Port Trust (PPT)
9. Mumbai Port Trust (MbPT)
10. Mormugao Port Trust (MoPT)
11. New Mangalore Port Trust (NMPT)
12. Indian Maritime University (IMU)
13. Inland Waterways Authority of India (IWAI)
14. National Shipping Board (NSB)
15. Seamen Welfare Fund Society (SWFS)
16. Tariff Authority of Major Ports (TAMP)
17. Seamen Provident Fund Organization (SPFO)
18. Calcutta Dock Labour Board (CDLB)

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