



GOVERNMENT OF KERALA

Abstract

Finance Department-Award of work when contractor quotes rates less than 75% of the Estimated value of work-clarification-Orders issued.

FINANCE (INDUSTRIES & PUBLIC WORKS - B) DEPARTMENT
G.O.(P)No.124/2016/Fin Dated, Thiruvananthapuram, 29/08/2016

Read:- 1. G.O.(P) No. 13/2012/PWD dated 1.02.2012

ORDER

The clause 2009.4 of PWD Manual 2012 envisages that the tender/quotation with quoted PAC less than 75% of the estimated PAC shall not be accepted, since awarding of such works may lead to failure of contract or poor quality of work executed by the contractor and wastage of public money.

2. At present, estimates are prepared using PRICE Software in DSR 2014. It has been observed that many bids are now received at 25% below or even less than the estimated PAC owing to reduction in cost of bitumen, steel or due to any site specific advantage etc. and transparent competition due to e-tendering. Government therefore consider that the existing clause in PWD Manual need a revisit.

3.The Government after having examined this case in detail, are pleased to issue the following guidelines for processing quotes below 25% of estimated PAC, in partial modifications of Clause 2009.4 of Revised PWD Manual.

- i. The tender with lowest quoted rate less than 75% estimated PAC shall not be rejected if sufficient

competition is ensured and the rate quoted by the second and third lowest bidder are also comparatively nearer to the lowest bidder.

- ii. The tender inviting authority shall obtain a statement from the lowest bidder quoting rates below PAC regarding the reasonableness of the rate quoted to assess that whether the quoted rates are workable.
- iii. Assessment shall be made by Department also, as to whether the particular work has any rate advantage as compared to the rate as given in Price Software Viz. reduction in cost bitumen, steel etc.
- iv. If any contractor quotes less than 75% of the estimated PAC and variation with all other quoted rates are much higher, the Tender accepting Authority shall take appropriate decision based on merits.
- v. The above guidelines will come into force with immediate effect.

(By Order of the Governor)

Dr. K.M.ABRAHAM

Additional Chief Secretary (Finance).

To

The Accountant General (A&E) Kerala, Thiruvananthapuram
The Accountant General (G&SSA) Kerala, Thiruvananthapuram
The Accountant General (E&RSA) Kerala, Thiruvananthapuram
All Heads of Departments/Offices
Private Secretary to Chief Minister
All Private Secretaries to Ministers
Private Secretary to the Leader of Opposition
All Secretaries to Government
The Secretary, Kerala Public Service Commission,
Thiruvananthapuram
The Registrar, University of Kerala/Cochin/Kozhikode/Kottayam
The Registrar, High Court of Kerala
The Secretary, Kerala Human Rights Commission,
Thiruvananthapuram

The Managing Director, Kerala State Transport Corporation,
Thiruvananthapuram
The Secretary, Kerala State Electricity Board,
Thiruvananthapuram
The Secretary to Governor
All Secretariat Departments.
The Nodal Officer, www.finance.kerala.gov.in
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Section Officer