



CENTRAL PUBLIC WORKS DEPARTMENT

OFFICE MEMORANDUM

No.DGW/MAN/160

ISSUED BY AUTHORITY OF DIRECTOR GENERAL OF WORKS

NIRMAN BHAWAN, NEW DELHI

DATED:31.07.08

Sub: Modifications in the provisions of CPWD Works Manual 2007 regarding Two/Three envelope system, mobilization advance, specialized works, etc.

It has been decided to make following modifications in the CPWD Works Manual 2007: -

1. Two/Three envelope system
 - a) In case of the exigencies, only technical/ eligibility bid can be called with the approval of ADG.
 - b) The criteria for having executed one work with some Central/State Government organization/PSU/Autonomous Body by the contractor has been added.
 - c) Consideration period for work experience modified from 5 years to 7 years.
 - d) Requirement of Average annual Turnover modified from 50 % to 30 % of the Estimated Cost
 - e) Evaluation of the performance of contractors and inspection of work, if required is to be done by NIT approving authority.
 - f) Limit of Rs. 10 Crore, above which tenders are to be called on two/three envelope system is modified to Rs. 15 Crore.
 - g) Bids shall be valid for 90 days from the last date of its submission.
2. Criteria for work experience has been specified now for tenders for specialized jobs.
3. For mobilization advance, bank Guarantee should be for amount of advance to be released.
4. For operation of Clause 10 C, the component of labour shall be a fixed percentage of value of work.

5. For testing against the laid down eligibility criteria, the actual value of work executed by a contractor shall be enhanced @ 7 % per annum to bring it to current costing level.
6. Some other minor changes.

Accordingly following amendments are made in the CPWD Works Manual 2007.

Para	Existing Provisions	Modified Provision
16.12	<p>16.12 Tenders with two/three envelope system</p> <p>This system involves pre-qualifying the parties before opening their financial bids.</p> <p>(1) Tenders for all works estimated to cost more than Rs. 10 Crores shall be called on two/three envelope system.</p> <p>(2) For works estimating to cost upto Rs. 10 crores also, this system may be resorted to but with prior approval of ADG.</p> <p>(3) List of contractors satisfying the eligibility criteria and technical bid shall be got approved from ADG. Financial bid shall be got approved from the authority for acceptance of tenders as per delegation of power.</p>	<p>16.12 Tenders with two/three envelope system</p> <p>This system involves prequalifying the parties before opening their financial bids.</p> <p>(1) Tenders for all works estimated to cost more than Rs. 15 Crores * shall be called on two/three envelope system.</p> <p>(2) For works estimating to cost upto Rs. 15 crores* also, this system may be resorted to but with prior approval of ADG.</p> <p>(3) List of contractors satisfying the eligibility criteria and technical bid shall be got approved from ADG. Financial bid shall be got approved from the authority for acceptance of tenders as per delegation of power.</p> <p>(4) The system specifies for simultaneous call of technical and financial bids. However if the exigencies of work so demand, only technical bid can be called first, but with the approval of ADG concerned. Later on, financial bids can be called from qualified contractors.</p>
16.12.1.4	The Chief Engineer-in-charge of the work shall finalise the eligibility as well as bid evaluation criteria in	The Chief Engineer-in-charge of the work shall finalise the eligibility as well as bid

	<p>accordance with the guidelines given in Appendix-20. In case any deviation from guidelines are considered necessary, same should be got approved from the DGW.</p>	<p>evaluation criteria in accordance with the guidelines given in Appendix-20. In case any deviation from guidelines (except for recalling tenders under para 16.7) are considered necessary, same should be got approved from the DGW.</p>
17.2	<p>Sale of tender documents for specialized jobs</p> <p>(1) Specialized items/jobs/works are those that requires special T&P and/or specialized skill.</p> <p>(2) The Additional Directors General have been delegated powers to declare an item/job/work as a specialised item/job/work. While approving such a specialized item/job/work, the Additional Director General shall endorse a copy of such approval letters/orders to all the other Additional Directors General and the Directorate, as well as post such letters/orders in the website in order to maintain uniformity. The Additional Director General (TD) shall be the Nodal Officer to maintain a data bank of all such approvals.</p> <p>(3) It is necessary that the tenders for specialised jobs/works are issued to the firms who deal in the items of works for which the tenders are being invited. NIT approving authorities will lay down the eligibility criteria for specialised agencies.</p> <p>(4) It is not necessary that the</p>	<p>Sale of tender documents for specialized jobs</p> <p>(1) Specialized items/jobs/works are those that requires special T&P and/or specialized skill.</p> <p>(2) The Additional Directors General have been delegated powers to declare an item/job/work as a specialised item/job/work. While approving such a specialised item/job/work, the Additional Director General shall endorse a copy of such approval letters/orders to all the other Additional Directors General and the Directorate, as well as post such letters/orders in the website in order to maintain uniformity. The Additional Director General (TD) shall be the Nodal Officer to maintain a data bank of all such approvals.</p> <p>(3) It is necessary that the tenders for specialised jobs/works are issued to the firms who deal in the items of works for which the tenders are being invited.</p> <p>(4) Eligibility criteria for such</p>

	<p>specialised agencies who tender for the work should be registered with any Central or State Government Engineering Department.</p> <p>(5) The procedure for call of tenders with two/three envelope system given under para 16.12 shall be followed for such works.</p> <p>(6) Para 5.6.1 of this Manual may be referred to regarding the main contractor associating specialized agencies for specialized components of the work that are covered by the contract.</p>	<p>works shall be specified in NIT as follows:-</p> <p>Experience of having successfully completed works during last seven years ending last day of the month previous to the one in which applications are invited.</p> <p>Three similar works each of value not less than 40 % of the estimated cost put to tender, or two similar works each of value not less than 60% of the estimated cost, or one similar work of value not than 80 % of the estimated cost, all amounts rounded off to a convenient figure.</p> <p>“Similar work” shall be spelt out clearly in NIT</p> <p>Apart from the criteria of work experience, NIT approving authority may lay other suitable conditions depending upon the nature of work.</p> <p>(5) It is not necessary that the specialised agencies who tender for the work should be registered with any Central or State Government Engineering Department.</p> <p>(6) Wherever felt necessary by NIT approving authority system of two/three envelope may be followed for call of tenders. In such a case, the technical bids shall be approved by NIT approving authority and the financial bids by the authority as per delegations of powers for approval tenders.</p> <p>(7) Para 5.6.1 of this Manual may</p>
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		be referred to regarding the main contractor associating specialized agencies for specialized components of the work that are covered by the contract.
17.3.1	<p>Sale of tenders for works costing up to Rs. 10 crores</p> <p>(1) The tender documents for works costing up to Rs. 10 crores shall be sold only to the contractors registered in the CPWD in the appropriate category and class.</p> <p>(2) However, the Additional Director General of the Region may relax this provision for works costing up to Rs. 10 crores for specific Division(s)/Circle(s)/ Zone(s) in his Region for a specific period that he may consider it necessary, and may allow sale of tenders for such works to contractors registered with the Railways/MES/P&T, State PWD's in appropriate classes (for CPWD works within that state).....</p>	<p>Sale of tenders for works costing up to Rs. 15 crores *</p> <p>(1) The tender documents for works costing up to Rs. 15 crores* shall be sold only to the contractors registered in the CPWD in the appropriate category and class.</p> <p>(2) However, the Additional Director General of the Region may relax this provision for works costing up to Rs. 15 crores* for specific Division(s)/Circle(s)/ Zone(s) in his Region for a specific period that he may consider it necessary, and may allow sale of tenders for such works to contractors registered with the Railways/MES/P&T, State PWD's in appropriate classes (for CPWD works within that state).</p>
17.3.2	<p>Sale of tenders for works costing above Rs. 10 crores</p> <p>For works costing over Rs. 10 crores, the tenders shall be invited under Two/Three envelope system as prescribed under para 16.12.</p>	<p>Sale of tenders for works costing above Rs. 15 crores*</p> <p>For works costing over Rs. 15 crores,* the tenders shall be invited under Two/Three envelope system as prescribed under para 16.12.</p>
31.5	<p>Grant of mobilization advance to the contractors for executing capital intensive works</p> <p>In respect of certain specialized and capital-intensive works with estimate</p>	<p>Grant of mobilization advance to the contractors for executing capital intensive works</p> <p>In respect of certain specialized and capital-intensive works with</p>

	<p>cost put to tender Rs. 2.00 crores and above, provision of mobilization advance may be kept in the tender documents. Chief Engineers should use their discretion carefully in deciding whether any particular work shall be considered as specialized or capital intensive one. Applicability or otherwise of relevant clause of GCC shall be clearly indicated in Schedule 'F', while finalizing NIT of a particular work.</p> <p>(i) The Mobilization advance limited to 10% of tendered amount at 10% simple interest can be sanctioned to the contractors on specific request as per term of the contract.</p> <p>(ii) The mobilization advance shall be against a Bank Guarantee of a Scheduled Bank for the full amount of advance. The advance should be released in not less than two instalments. The interest on the advance shall be calculated from the date of payment to the date of recovery, both days inclusive.</p> <p>(iii) The recovery should be commenced after 10% of work is completed and the entire amount together with interest shall be recovered by the time 80% of the work is completed.</p>	<p>estimate cost put to tender Rs. 2.00 crores and above, provision of mobilization advance may be kept in the tender documents. Chief Engineers should use their discretion carefully in deciding whether any particular work shall be considered as specialized or capital intensive one. Applicability or otherwise of relevant clause of GCC shall be clearly indicated in Schedule 'F', while finalizing NIT of a particular work.</p> <p>(i) The Mobilization advance limited to 10% of tendered amount at 10% simple interest can be sanctioned to the contractors on specific request as per term of the contract.</p> <p>(ii) The mobilization advance shall be released only after obtaining a bank Guarantee bond from a schedule bank for the amount of advance to be released and valid for the contract period. This shall be kept renewed time to time to cover the balance amount and likely period of complete recovery together with interest. The advance should be released in not less than two instalments. The interest on the advance shall be calculated from the date of payment to the date of recovery, both days inclusive.</p> <p>(iii) It shall be ensured that at any point of time, Bank Guarantee is available for the amount of outstanding advance</p> <p>(iv) The recovery should be commenced after 10% of work is completed and the entire amount</p>
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		together with interest shall be recovered by the time 80% of the work is completed.
32.8	5) The claim for increase shall not be payable if such increase has become operative after the stipulated date of completion of the work in question.	<p>5) The claim for increase shall not be payable if such increase has become operative after the stipulated date of completion of the work in question.</p> <p>(6) The component of labour for every work have to be pre determined and incorporated in schedule F. This may done as given in para 32.10.1 of the Manual for clause 10 CC.</p>

*** The figure of Rs. 15 Crores is for Civil/Composite works. For other categories i.e. electrical, horticulture, furniture it shall be the tendering limit of Class-I contractors of respective discipline.**

Further following parts of Appendix 20 of CPWD Works Manual 2007 (Two/Three Envelope System) are modified which is enclosed herewith.

1. Guidelines for fixing eligibility criteria for Two/Three Envelope system.
2. Press Notice.
3. Para 7.0 of Section II regarding initial criteria for eligibility.

Further the word “**Five Years**” appearing in Para 10.0 of Section -II and Form “C” shall be read as “**Seven Years**”. Para 14.0 of Section II shall be read as :-

“14.0 Opening of Price bid & its Validity

After evaluation of applications, a list of short listed agencies will be prepared. Thereafter the financial bids of only the qualified and technically acceptable bidders shall be opened at the notified time, date and place in the presence of the qualified bidders or their representatives. **The bids shall remain valid for 90 days from the last date of its submission.”**

Corresponding amendments in General Conditions of Contract are being issued separately.

These amendments shall not be applicable to the works for which contract is drawn on earlier existing provisions.

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Superintending Engineer (C&M)

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APPENDIX – 20
(Reference para 16.12.1)
(Updated as on 31.07.2008)

GUIDELINES FOR FIXING ELIGIBILITY CRITERIA FOR TWO/THREE ENVELOPE SYSTEM

1. The eligibility criteria to be inserted in Section-II (Information and Instructions for Bidders) and Section – III (Information regarding eligibility) of the document and in the Press Notice shall be decided on the following lines:

(A) Para 2(a) of the Invitation for bid, 7.1 of Section-II and Form ‘C’ of Section–III.

The ‘month’ shall be the month previous to the one in which the bids are invited.

(B) Para 2(a) of the Invitation for bid and 7.1 of Section - II

- (i) Experience of having successfully completed works during the last **7** years ending last day of the month previous to the one in which applications are invited:

Three similar completed works costing not less than the amount equal to 40% of estimated cost put to tender,

or

Two similar completed works, costing not less than the amount equal to 60% of the estimated cost put to tender

or

One similar completed work of aggregate cost not less than the amount equal to 80% of the estimated cost.

and

- (ii) One Completed work of any nature (either part of (i) or a separate one) costing not less than the amount equal to 40 % of the estimated cost put to tender with some Central/State Government Organisation/Central Autonomous Body/Central Public Sector undertaking.**

(C) Para 2(b) of the Invitation for bid, and 7.2 of Section-II

Turnover: Average annual financial turn over on construction works should be at least **30%** of the estimated cost during the immediate last 3 consecutive financial year.

(D) Para 2(c) of the Invitation for bid and 7.3 of Section – II

Profit/loss : The date to be filled in this column should be 31st March of the previous financial year.

(E) Para 2(d) of the Invitation for bid, and 7.5 of Section – II

Solvency Certificate: Solvency of the amount equal to 40% of the estimated cost of the work.

(F) Para 8 of Section - II

Evaluation of performance :

Evaluation of the performance of contractors for eligibility shall be done by NIT approving authority or a Committee constituted by him. If required, the works executed by the bidders who otherwise qualify may be got inspected by a Committee or any other authority as decided by NIT approving authority.

(G) Para 14.0 of Section III

While framing NIT, validity period mentioned in CPWD Form 6 and CPWD – 7/8 may be modified so as to conform to provision given in Para 14.0 of Section II.

Scoring Method of Evaluation : The scoring for evaluation mentioned in this column shall be done as given in Annexure-I. This should be made part of the tender documents.

2. For all works eligibility criteria shall be based on above guidelines. However, the Chief Engineer may insert experience of particular categories of items like stone work, metal false ceiling, basements, form works etc., as an additional condition.

3. The above criteria shall be applicable for normal Civil & Electrical Works in CPWD

Note:- In case only technical bids are called, the document may be modified suitably.

Press Notice
(Updated as on 31.07.2008)
(Part of Appendix -20)

Central Public Works Department
Invitation for Bid

1. The Executive Engineer on behalf of the President of India invites the bids from firms/contractors of repute in two/three envelope system for the following work:

Sl. No.	Name of work	Estimated cost	Period of completion

2. Contractors who fulfil the following requirements shall be eligible to apply. Joint ventures are not accepted.
- (a) Should have satisfactorily completed during the last **Seven** years ending last day of the month :-
- (i) Three similar works each costing not less than Rs....., or completed two similar works each costing not less than Rs....., or completed one similar work costing not less than Rs.....
- and**
- (ii) **One work of any nature (either part of (i) above or a separate one) costing not less than Rs..... with some Central/State Government/Central Autonomous Body/Central Public Sector Undertaking.**
- Similar work shall mean works of**
- The value of executed works shall be brought to current costing level by enhancing the actual value of work at simple rate of 7 % per annum; calculated from the date of completion to last date of receipt of applications for tenders.**
- (b) Should have had average annual financial turn over of Rs. on construction works during the last three years ending 31st March
- (c) Should not have incurred any loss in more than two years during the last five years ending 31st March
- (d) Should have a solvency of Rs.
(Not required if applicant is a class I (Civil) registered contractor of CPWD)*
3. Bid documents consisting of plans, specifications, the schedule of quantities of the various classes of work to be done and the

set of terms and conditions of contract to be complied with by the contractor whose bid may be accepted and other necessary documents can be seen in the office of thebetween hours of 11.00 AM and 4.00 PM from to.....every day except on Sundays and Public Holidays. Bid documents, excluding standard form will be issued from his office, during the hours specified above, on payment of the following

- i) Rs.....in cash as cost of bid and
- ii) Earnest money of Rs..... in cash (upto Rs.10,000/- Receipt/ Treasury Challan/ Deposit at call receipt of a schedule bank/fixed deposit receipt of a schedule bank/demand draft of a scheduled bank issued in favour of A part of Earnest money is acceptable in the form of Bank Guarantee also. In such case, 50% of earnest money or Rs. 20 lakh whichever is less will have to be deposited in shape prescribed above and balance in shape of Bank Guarantee.

4**. Application supported by prescribed annexure and the financial bid shall be placed in separate sealed envelopes each marked “Eligibility Documents” and “Financial bid” respectively. Both the envelopes shall be submitted together in another sealed envelope. The bids will be received upto 3.00 PM on The envelope marked “Eligibility Documents” shall be opened by the Executive Engineer or his authorized representative in his office on the same day at 3.30 PM. The time and date of opening of financial bid shall be communicated at a later date.

- (i) Pre Bid conference shall be held in the chamber of at on to clear the doubt of intending tenderers, if any.
- (ii) The department reserves the right to reject any prospective application without assigning any reason and to restrict the list of qualified contractors to any number deemed suitable by it, if too many bids are received satisfying the laid down criterion.

* May be struck off for works with estimated cost more than Rs. 25 Crore.

** Para 4 above be modified suitably for three envelope system.

Executive Engineer
.....

(Updated as on 31.07.2008)

Section -II
(Part of Appendix - 34)

7.0 Initial criteria for eligibility

7.1 The Bidder Should have satisfactorily completed during the last Seven years ending last day of the month :-

- (i) Three similar works each costing not less than Rs....., or completed two similar works each costing not less than Rs....., or completed one similar work costing not less than Rs.....

and

- (ii) **One work of any nature (either part of (i) above or a separate one) costing not less than Rs..... with some Central/State Government/Central Autonomous Body/Central Public Sector Undertaking.**

Similar work shall mean works of

The value of executed works shall be brought to current costing level by enhancing the actual value of work at simple rate of 7 % per annum; calculated from the date of completion to last date of receipt of applications for tenders.

7.2 The bidder should have had average annual financial turn over (gross) of Rs..... on Civil / Electrical construction works during the immediate last three consecutive financial years. This should be duly audited by a Chartered Accountant. Year in which no turnover is shown would also be considered for working out the average.

7.3 The bidder should not have incurred any loss in more than two years during the immediate last five consecutive financial years, duly certified by the Chartered Accountant.

7.4 The bidding capacity of the contractor should be equal to or more than the estimated cost of the work put to tender. The bidding capacity shall be worked out by the following formula:

Bidding Capacity = $[AxNx2]-B$

Where,

A = Maximum value of construction works executed in any one year during the last five years taking into account the completed as well as works in progress.

N = Number of years prescribed for completion of work for which bids has been invited.

B = Value of existing commitments and on going works to be completed during the period of completion of work for which bids have been invited.

7.5 The bidder should have a solvency of Rs. certified by his Bankers.

(Not required if applicant is a Class-I (Civil) registered contractor of CPWD)*

7.6 The bidder should own constructions equipment as per list required for the proper and timely execution of the work. Else, he should certify that he would be able to manage the equipment by hiring etc., and submit the list of firms from whom he proposes to hire.

7.7 The bidder should have sufficient number of Technical and Administrative employees for the proper execution of the contract. The bidder should submit a list of these employees stating clearly how these would be involved in this work.

7.8 The bidder's performance for each work completed in the last **Seven** years and in hand should be certified by an officer not below the rank of Executive Engineer or equivalent and should be obtained in sealed cover.

*** May be struck off for works with estimated cost more than Rs. 25 Crores.**