

ITEM NO. 53 (B-07)

1. Name of work:

Annual Rate Contract for laying of 33KV, 400/300sq.mm/3C XLPE cables in & outside NDMC area

2. Name of Department : Electricity Department

3. Brief History of the proposal :

Estimate regarding replacement of 33KV feeders i.e Bay No. 28, 38 & 42 from I.P. Station to S/stn. Connaught Place, Estt.No. 02/EE(M/F)/07-08, Bay No. 4, & 10 from Mandi House circle to S/stn. Electric Lane and Bay no.16 from Tilak Marg – Sikendra Road crossing to S/stn. Nirman Bhawan, Estt.No. 03/EE(M/F)/07-08 and Park Street to (a) Baird Lane -2nos. (b) S/stn. Hanuman Road (C) S/stn. Niramn Bhawan and S/S Hanuman Road to S/S Electric Lane, Estt.No. 04/EE(M/F)/07-08 have been sanctioned from the Council and stands issued for execution. Presently, the total 28.5Km, 400Sq.mm/3C XLPE, 33KV cable is to be got laid against this tender.

4. Detailed proposal of the subject:

NIT amounting to Rs. 19780877/- for the said work was approved and the e- tender for the subject cited work were invited and the technical bids of the three firms i.e. M/s Gopal Enterprises , M/s Goel Electric works and M/s H.S.Power Projects (P) Ltd were opened on 16.4.09. During the checking of documents pertaining to eligibility criteria, it revealed that M/s Gopal Enterprises failed to fulfill the eligibility criteria. The case was examined by Planning division and thereafter with the approval of CEE-II the financial bids of two firms i.e. M/s Goel Electric works and M/s H.S.Power Projects (P) Ltd were opened on 14/5/09 on internet From the comparative statement it revealed that M/S H.S.Power Project (P) Ltd has quoted the lowest rates of Rs17389400/-). The justification statement has also been prepared. The comparison of justified rates with L-1 rates revealed that L1 has quoted rates substantially higher than the justified rates for item no 5, 6, 7, 8 &13, but overall computed cost of L-1 tenderer are 20.89% below the justified cost. Since the work is of composite nature and the items can not be awarded in segregation, therefore, the rates quoted by the L1 firm are considered justified and reasonable being 20.89% below the justified rates. The case was examined by Planning division and found in order.

5. Financial implication:

Rs. 1,73,89,400/-

6. Implementation Schedule:

The contract shall be valid for twelve months.

7. Comments of Finance Deptt.:

The finance department has accorded his concurrence vide Diary no –FA-1059 dated 19.05.09 to award the work of “Annual Rate Contract for laying of 33KV, 400/300sq.mm/3C XLPE cables in & outside NDMC area” to M/s H.S.Power Project (P) Ltd on their quoted amount of Rs17389400/- and on the terms and conditions of NIT, subject to

1. Approval of the Competent Authority.
2. Availability of funds.
3. All codal formalities and guidelines of CVC have been adhered to.
4. The reasonability of rates is primarily assessed on the basis of justified rates. The method of preparing justification statement should be on the basis of detailed analysis of rates by taken market rates of labour, materials, cartage etc. In this tender case, it has been seen that items have been justified by adding 10% on the estimated cost. In respect of other items 10% increase has been given on the last accepted rates. If the last accepted rates are high for any reason, it results in award of the contract at higher rates since no analysis of circumstances under which the last contract was ordered is gone into. And also this new awarded rates becomes the basis for estimation of rates for next tender. Thus this problem has a cascading effect. The department should prepare proper justification statement in all cases in future as assured at the time of seeking administrative approval and expenditure sanction.
5. Estimates of these works were also not prepared by adhering to the prescribed guidelines. The department assured at that time that the detailed justification of rates will be prepared by adhering to all codal requirements at the time of procurement of cables/execution of works. No such exercise has been carried out even now.
6. There has been substantial difference between the justified rates and quoted rates in respect of following items :-

Item No. & Description	Justified Rates	Quoted Rates
1) Supplying and making of H.S. type straight through joint for cable with joining material.	23,09,216	20,74,000
3) Supplying an fixing of Ushape RCC Cable covers	86,59,200	50,51,200
9) Cutting of service road/stone/footpath/brick & laying of cables	26,02,886	17,24,400
12) Supplying & laying of RCC pipe with trenchless technology	10,46,672	7,51,200
Total	Rs.1,46,17,974	96,00,800

It would be seen from above that there is difference of Rs.50,17,174/- between the justified rates worked out by the department and quoted rates by L1.

7. There has been substantial difference between the estimated costs and justified rates in respect of following items :-

Item NO. & Description	Estimated Rates	Justified Rates
1) Supplying and making of H.S. type straight through joint for cable with joining material.	28,97,500	23,09,216
3) Supplying and fixing of U shape RCC cable covers	41,49,200	86,59,200
9) Cutting of service	18,20,200	26,02,886

road/stone/footpath/Brick & laying of cable		
11) Supplying and laying of HDPE pipe with trench less technology	59,34,000	43,13,760
12) Supplying & laying of RCC pipe with trench less technology	19,38,947	10,46,672

The department may justify these differences while seeking the approval of Competent Authority.

8. Department must ensure that certify that the quoted rates are just, fair and reasonable are in larger interest of the Council if same are accepted.

8. Comments of the Department on comments of Finance Deptt:

1. The approval of the competent authority i.e. the Council is being obtained.
2. Funds are available under the budget head E 3 replacement
3. All codal formalities and guidelines of CVC have been followed.
4. The justification of rates has been prepared taking the latest approved rates, as per prevailing practice in the department. However, as suggested, the advice of finance department has been noted for the future.
5. The estimates were prepared on the basis of last approved rates / market rates as prevailing practice in the department.
6. There has been substantial difference between the justified rates and quoted rates in respect of some items but overall Computed cost of L-1 tenderer is 20.89% and 12.09% below the justified cost and the estimated cost respectively which are based on the last approved rates. The rates quoted by the L-1 firm are considered overall competitive, justified and reasonable.
7. The justified rates are based on the latest approved tendered rates whereas the estimated rates are based on the latest approved rates/budgetary offers taken from the market It is further mentioned that the Powergrid has recently awarded the similar nature of work and the rates of most of the items are even much higher than rates worked out in our justification.
8. Certified that the rates quoted by L1 firm are fair, reasonable and in the larger interest of Council.
In view of above and the fact that they are the lowest rates received against the open tenders invited through e-tendering.

9. Legal Implications:

No legal implication involved.

10. Details of previous council Resolutions:

N.A.

11. Comments of Law Department:

No comments

12. Comments of the department on the comments of Law department:

No comments

13. Certification by the Department :

All Central Vigilance Commission (CVC) guidelines have been followed.

14. Recommendations of the department :

The case may be placed before the council for approval to award the work "Annual Rate Contract for laying of 33KV, 400/300sq.mm/3C XLPE cables in & outside NDMC area" to the lowest tenderer M/s H.S.Power Project (P) Ltd at their quoted cost of Rs17389400/- (Rs. One crore Seventy Three lacs Eighty Nine thousand four hundred only) on the specification, terms and conditions of the NIT. The work is of urgent nature; therefore approval is also solicited to award the work in anticipation to the confirmation of minutes of the Council meeting.

15. Draft resolution :

Resolved by the council that the approval is accorded to award the work "Annual Rate Contract for laying of 33KV, 400/300sq.mm/3C XLPE cables in & outside NDMC area" to the lowest tenderer, M/s. H.S.Power Project (P) Ltd at their quoted cost of Rs17389400/- (Rs. One crore Seventy Three lacs Eighty Nine thousand four hundred only) on the specification, terms and conditions of the NIT. Further approval is also accorded to award the work to firm in anticipation to the confirmation of minutes of the Council meeting.

COUNCIL'S DECISION

Resolved by the Council to award the work to the lowest tenderer, M/s. H.S.Power Project (P) Ltd., at their quoted cost of Rs.1,73,89,400/- on the specification, terms and conditions of the NIT, for the work of Annual Rate Contract for laying of 33KV, 400/300sq.mm/3C XLPE cables in & outside NDMC area.

It was also resolved that further action in the matter be taken in anticipation of confirmation of the minutes by the Council.