



**PROCUREMENT OF VERY SMALL
WORKS UNDER
NATIONAL COMPETITIVE BIDDING
PROCEDURES**

*(For Works valued less than equivalent of \$ 30,000 each.
This document is drafted for construction of very small
buildings paid on lump sum basis; modify this suitably for
other works as well as for those paid on item rate basis)*

GOVERNMENT OF
.....PROJECT

INVITATIONS FOR BIDS (IFB)

NATIONAL COMPETITIVE BIDDING
FOR SMALL WORKS

Date:

Bid No.:

1. The Government of India has received a credit from the International Development Association / loan from the International Bank for Reconstruction & Development towards the cost of Project and intends a part of the funds to cover eligible payments under the contracts for construction of works as detailed below. Bidding is open to all bidders from eligible source countries as defined in the *IBRD Guidelines for Procurement*. Bidders from India should, however, be registered with the Government of or other State Governments/Government of India, or State/Central Government Undertakings. **Bidders are advised to note the minimum qualification criteria specified in Clause 3 of the Instructions to Bidders to qualify for the award of the contract.**
2. The invites bids for the construction of works detailed in the table. The bidders may submit bids for any or all of the following works.
3. Bidding documents (and additional copies) may be purchased from the office of..... fromto....., for a non-refundable fee (three sets) as indicated, in the form of cash or Demand Draft on any Scheduled bank payable at..... in favour of..... Interested bidders may obtain further information at the same address. Bidding documents requested by mail will be dispatched by registered/speed post on payment of an extra amount of Rs..... The will not be held responsible for the postal delay if any, in the delivery of the documents or non-receipt of the same.
4. Bids should be valid for 45 days after the deadline date specified for submission.
5. Bids must be delivered to..... on or before.....hours on (date) and will be opened on the same day at.....hours, in the presence of the bidders who wish to attend. If the office happens to be closed on the date of receipt of the bids as specified, the bids will be received and opened on the next working day at the same time and venue.
6. Other details can be seen in the bidding documents.

TABLE

<u>Package No.</u>	<u>Name of work</u>	<u>Approximate value of work (Rs.)</u>	<u>Cost of document (Rs.)</u>	<u>Period of completion</u>
1	2	3	4	5

Seal of office

(Employer)

Name: _____

Address: _____

Tel. No: _____

Fax No. _____

Instructions to Bidders

SECTION - A

1. Scope of Works

The _____ (Employer) invites bids for the construction of works as detailed in the table given below

Brief Description of the Works	Approximate value of Works (Rs.)	Period of Completion
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The successful bidder will be expected to complete the works by the intended completion date specified above.

2. **Qualification of the bidder:** The bidder shall provide qualification information which shall include:-

- (a) total monetary value of construction works performed for each year of the last 3 years;
- (b) Income tax clearance certificate from the concerned IT circle;
- (c) Report on his financial standing; and
- (d) Details of any litigation, current or during the last 3 years in which the bidder is involved, the parties concerned and disputed amount in each case.

3. **To qualify for award of the contract the bidder:-**

- (a) should have satisfactorily completed as a prime contractor at least one similar work of value not less than Rs. 500,000 in the last three years;
- (b)* should possess valid electrical license for executing building electrification works (in the event of the works being sub - contracted, the sub-contractor should have the necessary license);
- (c)* should possess required valid license for executing the water supply/sanitary works (in the event of the works being sub-contracted, the sub-contractor should have the necessary license);

(* Delete whichever is inapplicable.)

4. **Bid Price**

- a) The contract shall be for the whole works as described in drawings and technical specifications. Corrections, if any, shall be made by crossing out, initialing, dating, and rewriting.
- b) All duties, taxes and other levies payable by the contractor under the contract shall be included in the total price.
- c) The rates quoted by the bidder shall be fixed for the duration of the contract and shall not be subject to adjustment on any account.

5. **Submission of Bids**

5.1 The bidder is advised to visit the site of works at his own expense and obtain all information that may be necessary for preparing the bid.

5.2 Each bidder shall submit only one bid.

5.3 The set of bidding documents comprise of the following:

- i. Layout Drawings of the works;
- ii. Structural Details;
- iii. Detailed Bill of Quantities;
- iv. Technical Specifications;
- v. Instructions to Bidders (in two sections); and
- vi. Draft Contract Agreement format which will be used for finalizing the agreement for this Contract.

5.4 The bid submitted by the bidder shall comprise the following:-

- (a) Bid in the format given in Section **B**.
- (b) Signed Bill of Quantities ; and
- (c) Qualification information form given in Section B duly completed.

5.5 The bidder shall seal the bid in an envelope addressed to the (Purchaser). The envelope will also bear the following identification :-

- Bid for _____ (Name of the Contract)
- Do not open before _____ (time and date of bid opening).

5.6 Bids must be received in the office of the ----- (Employer) not later than the time and date given in the letter of invitation . If the specified date is declared a holiday, bids shall be received upto the appointed time on the next working day.

5.7 Any bid received by the -----, (Employer) after the deadline for submission of bids will be rejected and returned unopened to the bidder.

6. Validity of Bid

Bid shall remain valid for a period not less than 45 days after the deadline date specified for submission.

7. Opening of Bids

Bids will be opened in the presence of bidders or their representatives who choose to attend on the date and time and at the place specified in sub-clause 5.6 above.

8. Information relating to evaluation of bids and recommendations for the award of contract shall not be disclosed to bidders or any other persons not officially concerned with the process until the award to the successful bidder is announced.

9. Evaluation of Bids

The Employer will evaluate and compare the bids determined to be substantially responsive i.e. which

- (a) meet the qualification criteria specified in clause 3 above;
- (b) are properly signed ; and
- (c) conform to the terms and conditions, specifications and drawings without material deviations.

10. Award of contract

The Employer will award the contract to the bidder whose bid has been determined to be substantially responsive and who has offered the lowest evaluated bid price and who meets the specified qualification criteria.

10.1 Notwithstanding the above, the Employer reserves the right to accept or reject any bids and to cancel the bidding process and reject all bids at any time prior to the award of contract.

10.2 The bidder whose bid is accepted will be notified of the award of contract by the Employer prior to expiration of the bid validity period.

11. Performance Security

Within 15 days of receiving letter of acceptance, the successful bidder shall deliver to the (Employer) the performance security (either a bank guarantee or a bank draft in favour of the Employer) for an amount equivalent of 3 % of the contract price. The Performance Security shall be valid till the expiry of the period of maintenance of the work, specified in clause 12.

12. Defects Liability:

The “Defects Liability Period” for the work is six months from the date of taking over possession or one full monsoon season whichever occurs later. During this period, the contractor will be responsible for rectifying any defects in construction free of cost to the Employer.

- 13.** Supply of all construction materials including cement and steel as per the specifications (ISI certification marked goods wherever available) shall be the responsibility of the contractor.

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SECTION - B

- 1. Format for Qualification Information.**
- 2. Format for Submission of Bid.**
- 3. Format of Letter of Acceptance.**

QUALIFICATION INFORMATION

1 For Individual Bidders

1.1 Principal place of business: _____

Power of attorney of signatory of Bid.
[Attach copy]

1.2 Total value of Civil** Engineering construction work performed in the last three years (in Rs. Lakhs)

	19	
	19	
	19	

1.3 Work performed as prime contractor (in the same name) on works of a similar nature over the last three years.

<u>Project Name</u>	<u>Name of Employer</u>	<u>Description of work</u>	<u>Contract No.</u>	<u>Value of contract (Rs.Lakhs)</u>	<u>Date of issue of work order</u>	<u>Stipulated period of completion</u>	<u>Actual date of completion</u>	<u>Remarks explaining reasons for delay and work completed</u>

Existing commitments and on-going works:

Description of Work	Place & State	Contract No. & Date	Value of Contract (Rs. Lakh)	Stipulated period of completion	Value of works* remaining to be completed (Rs. Lakhs)	Anticipated date of completion
(1)	(2)	(3)	(4)	(5)	(6)	(7)

* Enclose a certificate from Engineer concerned.

** Modify as appropriate.

1.4 Proposed subcontracts and firms involved.

Sections of the works	Value of Sub-contract	Sub-contractor (name & address)	Experience in similar work
*	*	*	*
*	*	*	*
*	*	*	*

1.5 Evidence of access to financial resources to meet the requirement of working capital : cash in hand, lines of credit, etc. List them below and attach copies of support documents.

1.6 Name, address, and telephone, telex, and fax numbers of the Bidders' bankers who may provide references if contacted by the Employer.

1.7 Information on litigation history in which the Bidder is involved.

Other party(ies)	Employer	Cause of dispute	Amount involved	Remarks showing present status

BID FORM

*

Description of the Works :

To:

Subject : Construction of

Reference : Letter No.....dated.....from.....

Sir,

We offer to execute the Works described in your letter referred to above in accordance with the Conditions of Contract enclosed therewith at a total Fixed Contract Price of -

Rs.** _____ [in figures]

Rs. _____ [in words].

This bid and your written acceptance of it shall constitute a binding contract between us. We understand that you are not bound to accept the lowest or any bid you receive.

We hereby confirm that this bid is valid for 45 days as required in Clause 6 of the Instructions to Bidders.

Yours faithfully,

Authorized Signature : _____ Date: _____

Name & Title of Signatory : _____

Name of Bidder : _____

Address : _____

* To be filled in by the Employer before issue of the Letter of Invitation.

** To be filled in by the Bidder, together with his particulars and date of submission at the bottom of this Form.

**LETTER OF ACCEPTANCE
CUM NOTICE TO PROCEED WITH THE WORK**

(LETTERHEAD OF THE EMPLOYER)

Dated : _____

To : _____ [Name and address of the Contractor]

Dear Sirs,

This is to notify you that your Bid dated _____ for execution of the _____ for the contract price of Rupees _____ [amount in words and figures], is hereby accepted by us.

You are hereby requested to furnish performance security for an amount of Rs. _____ (equivalent to 3% of the contract price) within 15 days of the receipt of the letter. The Performance Security in the form of Bank guarantee or a Bank draft in favour of(Employer) shall be valid till the expiry of the period of maintenance i.e. upto _____. Failure to furnish the Performance Security will entail cancellation of the award of contract.

You are also requested to sign the agreement form and proceed with the work not later than _____ under the instructions of the Engineer, _____ and ensure its completion within the contract period.

With the issuance of this acceptance letter and your furnishing the Performance Security, contract for the above said work stands concluded.

Yours faithfully,

**Authorized Signature
Name and title of Signatory**

Draft Agreement form for Construction through Lumpsum Contract

ARTICLES OF AGREEMENT

1. This deed of agreement is made in the form of agreement on _____ day _____ month _____ 199 ____, between the _____ (Employer) or his authorized representative (hereinafter referred to as the first party) and _____ (Name of the Contractor), S/O _____ resident of _____ (hereinafter referred to as the second party), to execute the work of construction of _____ (hereinafter referred to as works) on the following terms and conditions.

2. Cost of the Contract

The total cost of the works (hereinafter referred to as the “total cost”) is Rs. ____ as reflected in Annexure - 1.

3.1 Payments under its contract:

Payments to the second party for the construction work will be released by the first party in the following manner :-

On signing of agreement	:	10% of the contract price on receipt of unconditional bank guarantee in the format attached
On reaching plinth level (first stage)	:	25% of the total cost
On reaching lintel level (second stage)	:	25% of the total cost
On reaching roof level (third stage)	:	25% of the total cost
Plastering and completion of whole work (fourth stage)	:	15% of the total cost

(The above payment terms have been drafted for construction of school buildings; modify this suitably for other works)

3.2 Payments at each stage will be made by the first party :

- (a) on the second party submitting an invoice for an equivalent amount ;
- (b) on certification of the invoice (except for the first installment) by the engineer nominated by the first party with respect to quality of works in the format in Annexure - 2; and
- (c) upon proper and justified utilization of at least 50 % of the previous installment and 100 % of any prior installment.

4. Notice by Contractor to Engineer

The second party, on the works reaching each stage of construction, issue a notice to the first party or the Engineer nominated by the first party [who is responsible for supervising the contractor, administering the contract, certifying payments due to the contractor, issuing and valuing variations to the contract, awarding extension of time etc.) to visit the site for certification of stage completion. Within 15 days of the receipt of such notice, the first party or the engineer nominated by it, will ensure issue of stage completion certificate after due verification.

5. Completion time

The works should be completed in _____ (months/weeks/days) from the date of this Agreement. In exceptional circumstances, the time period stated in this clause may be extended in writing by mutual consent of both the parties.

6. If any of the compensation events mentioned below would prevent the work being completed by the intended completion date, the first party will decide on the intended completion date being extended by a suitable period :

- a) The first party does not give access to the site or a part thereof by the agreed period.
- b) The first party orders a delay or does not issue completed drawings, specifications or instructions for execution of the work on time.
- c) Ground conditions are substantially more adverse than could reasonably have been assumed before issue of letter of acceptance and from information provided to second party or from visual inspection of the site.
- d) Payments due to the second party are delayed without reason.
- e) Certification for stage completion of the work is delayed unreasonably.

7. Any willful delay on the part of the second party in completing the construction within the stipulated period will render him liable to pay liquidated damages. @ Rs. * _____ per day which will be deducted from payments due to him. The first party may cancel the contract and take recourse to such other action as deemed appropriate once the total amount of liquidated damages exceeds 2 % of the contract amount.

(Note : The amount of liquidated damages per day should be determined at 0.05 % of the contract value of the works and indicated here).

8. Duties and responsibilities of the first party

- 8.1** The first party shall be responsible for providing regular and frequent supervision and guidance to the second party for carrying out the works as per specifications. This will include written guidelines and regular site visit of the authorized personnel of the first party, for checking quality of material and construction to ensure that it is as per the norms.
- 8.2** The first party shall supply 3 sets of drawings, specifications and guidelines to the second party for the proposed works.
- 8.3** Possession of the site will be handed over to the second party within 10 days of signing of the agreement.
- 8.4** The Engineer or such other person as may be authorized by the first party shall hold meeting once in a month where the second party or his representative at site will submit the latest information including progress report and difficulties if any, in the execution of the work. The whole team may jointly inspect the site on a particular day to take stock of activities.
- 8.5** The Engineer shall record his observations/instructions at the time of his site visit in a site register maintained by the second party. The second party will carry out the instructions and promptly rectify any deviations pointed out by the engineer. If the deviations are not rectified, within the time specified in the Engineer's notice, the first party as well as the engineer nominated by it, may instruct stoppage or suspension of the construction. It shall thereupon be open to the first party or the engineer to have the deviations rectified at the cost of the second party.

9. Duties and responsibilities of the second party

- 9.1** The second party shall:
- a) take up the works and arrange for its completion within the time period stipulated in clause 5;
 - b) employ suitable skilled persons to carry out the works ;
 - c) regularly supervise and monitor the progress of work ;
 - d) abide by the technical suggestions / direction of supervisory personnel including engineers etc. regarding building construction ;
 - e) be responsible for bringing any discrepancy to the notice of the representative of the first party and seek necessary clarification ;
 - f) ensure that the work is carried out in accordance with specifications, drawings and within the total of the contract amount without any cost escalation ;
 - g) keep the first party informed about the progress of work ;

- h) be responsible for all security and watch and ward arrangements at site till handing over of the building to the first party ; and
- i) maintain necessary insurance against loss of materials/cash, etc. or workman disability compensation claims of the personnel deployed on the works as well as third party claims.
- j) Pay all duties, taxes and other levies payable by construction agencies as per law under the contract (First party will effect deduction from running bills in respect of such taxes as may be imposed under the law).

10. Variations / Extra Items

The works shall be executed by the second party in accordance with the approved drawings and specifications. No variation in cost is acceptable. However, if the Engineer issues instructions for execution of extra items, the following procedure shall be followed:-

- a) The second party shall provide the Engineer with a bid for carrying out the extra items when requested to do so by the Engineer. The Engineer shall assess the bid, which shall be given within seven days of the request before the extra items are ordered.
- b) If the bid given by the second party is unreasonable, the Engineer may order the extra items and make a change to the Contract Price which shall be based on Engineer's own forecast of the effects of the extra items on the Contractor's costs.
- c) The second party shall not be entitled to additional payment for costs, which could have been avoided by giving early warning.

11. Securities

The Performance Security shall be provided to the Employer no later than the date specified in the Letter of Acceptance and shall be issued in an amount and form and by a bank or surety acceptable to the Employer. The Performance Security shall be valid until a date 28 days from the date of issue of the Certificate of Completion in the case of a Bank Guarantee.

12. Termination

12.1 The Employer may terminate the Contract if the other party causes a fundamental breach of the Contract.

12.2 Fundamental breaches of Contract include, but shall not be limited to the following:

- (a) the contractor stops work for 28 days and the stoppage has not been authorized by the Engineer;

- (b) the Contractor has become bankrupt or goes into liquidation other than for a reconstruction or amalgamation;
- (c) the Engineer gives Notice that failure to correct a particular Defect is a fundamental breach of Contract and the Contractor fails to correct it within a reasonable period of time determined by the Engineer;
- (d) the Contractor does not maintain a security which is required;

12.3 Notwithstanding the above, the Employer may terminate the Contract for convenience.

12.4 If the Contract is terminated the Contractor shall stop work immediately, make the Site safe and secure and leave the Site as soon as reasonably possible.

13. Payment upon Termination

13.1 If the Contract is terminated because of a fundamental breach of Contract by the Contractor, the Engineer shall issue a certificate for the value of the work done less advance payments received up to the date of the issue of the certificate, less other recoveries due in terms of the contract, less taxes due to be deducted at source as per applicable law.

13.2 If the Contract is terminated at the Employer's convenience, the Engineer shall issue a certificate for the value of the work done, the reasonable cost of removal of Equipment, repatriation of the Contractor's personnel employed solely on the Works, and the Contractor's costs of protecting and securing the Works and less advance payments received up to the date of the certificate, less other recoveries due in terms of the contract and less taxes due to be deducted at source as per applicable law.

14. Dispute settlement

If over the works, any dispute arises between the two parties, relating to any aspects of this Agreement, the parties shall first attempt to settle the dispute through mutual and amicable consultation.

In the event of agreement not being reached, the matter will be referred for arbitration by a Sole Arbitrator not below the level of retired Chief Engineer / Superintending Engineer, (not connected in part or whole with this Project in his service) to be appointed by the first party. The Arbitration will be conducted in accordance with the Arbitration and Conciliation Act, 1996. The decision of the Arbitrator shall be final and binding on both the parties.

BILL OF QUANTITIES

The approximate Bill of Quantities is indicated below to give an idea of the work which should be executed in accordance with the approved drawings and specifications to enable the bidder to furnish the lumpsum price. Bidders may, however, note that no variations in the lumpsum cost is acceptable (except where extra items are ordered by the Engineer).

Sl.No.	Description of Work	Unit	Qty.

We agree to execute the works in accordance with the approved drawings and technical specifications at a total fixed contract price of Rs.....(amount in figures)
(Rs..... amount in words).

Signature of Contractor

Note: Where there is a discrepancy between the rate in figures and words, the rates in words will govern.

Format of certificate

Certified that the works upto ----- level in respect of construction of ----- at ----- have been executed in accordance with the approved drawings and technical specifications.

Signature
Name & Designation
(Official address)

Place :
Date :

Office seal

BANK GUARANTEE FOR ADVANCE PAYMENT

To: _____ *[name of Employer]*
_____ *[address of Employer]*
_____ *[name of Contract]*

Gentlemen:

In accordance with the provisions of the Conditions of Contract, subclause 3.1 of the above-mentioned Contract, _____ *[name and address of Contractor]* (hereinafter called "the Contractor") shall deposit with _____ *[name of Employer]* a bank guarantee to guarantee his proper and faithful performance under the said Clause of the Contract in an amount of _____ *[amount of guarantee]*
¹ _____ *[in words]*.

We, the _____ *[bank or financial institution]*, as instructed by the Contractor, agree unconditionally and irrevocably to guarantee as primary obligator and not as Surety merely, the payment to _____ *[name of Employer]* on his first demand without whatsoever right of objection on our part and without his first claim to the Contractor, in the amount not exceeding _____ *[amount of guarantee]*
_____ *[in words]*.

We further agree that no change or addition to or other modification of the terms of the Contract or of Works to be performed thereunder or of any of the Contract documents which may be made between _____ *[name of Employer]* and the Contractor, shall in any way release us from any liability under this guarantee, and we hereby waive notice of any such change, addition or modification.

This guarantee shall remain valid and in full effect from the date of the advance payment under the Contract until _____ *[name of Employer]* receives full repayment of the same amount from the Contractor.

Yours truly,

Signature and seal: _____
Name of Bank/Financial Institution: _____
Address: _____
Date: _____

¹ An amount shall be inserted by the bank or financial institution representing the amount of the Advance Payment, and denominated in Indian Rupees.

PERFORMANCE BANK GUARANTEE

To: _____ *[name of Employer]*
_____ *[address of Employer]*

WHEREAS _____ *[name and address of Contractor]* (hereinafter called "the Contractor") has undertaken, in pursuance of Contract No. _____ dated _____ to execute _____ *[name of Contract and brief description of Works]* (hereinafter called "the Contract");

AND WHEREAS it has been stipulated by you in the said Contract that the Contractor shall furnish you with a Bank Guarantee by a recognized bank for the sum specified therein as security for compliance with his obligations in accordance with the Contract;

AND WHEREAS we have agreed to give the Contractor such a Bank Guarantee;

NOW THEREFORE we hereby affirm that we are the Guarantor and responsible to you, on behalf of the Contractor, up to a total of _____ *[amount of guarantee]* ¹ _____ *[in words]*, such sum being payable in the types and proportions of currencies in which the Contract Price is payable, and we undertake to pay you, upon your first written demand and without cavil or argument, any sum or sums within the limits of _____ *[amount of guarantee]*¹ as aforesaid without your needing to prove or to show grounds or reasons for your demand for the sum specified therein.

We hereby waive the necessity of your demanding the said debt from the Contractor before presenting us with the demand.

We further agree that no change or addition to or other modification of the terms of the Contract or of the Works to be performed thereunder or of any of the Contract documents which may be made between you and the Contractor shall in any way release us from any liability under this guarantee, and we hereby waive notice of any such change, addition or modification.

This guarantee shall be valid until 28 days from the date of expiry of the Defects Liability Period.

Signature and seal of the guarantor _____
Name of Bank _____
Address _____
Date _____

1 An amount shall be inserted by the Guarantor, representing the percentage of the Contract Price specified in the Contract including additional security for unbalanced Bids, if any and denominated in Indian Rupees.