



OFFICE OF THE CHIEF GENERAL MANAGER (THERMAL)
THERMAL POWER STATION-I EXPN. CAMPUS, NEYVELI

156

Lr.No._CGM/Thermal/Contracts(Thermal)/Price reasonableness/'19

Dt:02.04.2019

Sub : Thermal Contracts – Price justification – Guidelines for arriving at realistic estimate value – Reg.

The remarks (part) given by CGM/Vigilance in one of the awarded tenders scrutinised by Vigilance department is extracted below.

*"Awarding any work at such a higher rate, may raise doubt about sanctity of the estimate or Cartel formation by the bidders. Moreover **justifying the rates, after opening price cover is not a desirable move or appears to be supporting the bidder.***

..... The preparation of a realistic estimate taking all the factors into account should be the basic responsibility of the officer to uphold the sanctity of the estimate and thereafter tendering....."

In view of the above, it is suggested that the preparation of estimates is to be realistic taking all the factors into consideration. If any factor is not considered in the estimate due to some reasons, the value shall be quantified in the proposal itself for estimate purpose only i.e., not for tendering purpose. All such factors shall be quantified to the extent possible and brought out in the proposal (for estimate purpose only i.e., not for tendering purpose) while obtaining the administrative approval. The quantified such values alone shall be considered for price justification after the price cover opening.

For any reason, if such applicable factors not covered in the estimate for tendering purpose is also not brought out in the proposal, the indenter may initiate a proposal for revision of the estimate value by quantifying all the applicable factors not considered in the estimate for tendering purpose and get it approved by Unit Head **before opening the price cover**. The rate approved by Unit Head will be considered for price justification.

In the above cases, if the L1 quoted price could not be justifiable by Tender Committee (TC) considering other site requirements if any /price justification factors approved by Unit Head, an attempt may be made by re-tender.

02/04/19
Chief General Manager / Thermal

To
The GM/TPSI/TPSI E
The CGM/TPSII/TPSII Expn./NNTPP