

Subject: Professional Practice-II

Topic: Tender

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TENDER

□ TENDERS

A 'TENDER' IS CALLED UPON FOR EXECUTING CERTAIN SPECIFIED WORK, OR SUPPLYING SPECIFIED MATERIALS; SUBJECTED TO CERTAIN TERMS AND CONDITIONS LIKE RATES, TIME LIMIT, ETC.

➤ IT IS AN OFFER IN WRITTEN FORM: LEGALLY SPEAKING, IT IS AN OFFER TO RECEIVE AN OFFER FOR THE WORK, WITHIN THE SPECIFIED FINANCIAL LIMITS

AN ARCHITECT MUST OBSERVE THE FOLLOWING, BEFORE INVITING TENDERS:

A) ACCURACY IN BILL OF QUANTITIES AS FAR AS POSSIBLE.

B) ALL PLANS, SPECIFICATIONS AND DETAILS ARE CORRECT, WITHOUT ANY AMBIGUITY.

C) NO ITEM SHOULD BE OVER LOOKED AND SPECIAL CONDITIONED.

➤ PRIOR TO FILLING OF TENDER, THE CONTRACTOR MUST CAREFULLY INSPECT THE SITE AND STUDY THE PLANS, SPECIFICATIONS, SPECIAL CONDITIONS, ETC., RELATED TO THE POSSIBLE DIFFICULTIES AND PROBABLE TIME REQUIRED FOR THE COMMENCEMENT OF WORK.

➤ THE CONTRACTOR AFTER THOROUGHLY STUDYING THE ABOVE FACTS, ALONG WITH THE MATERIAL AND LABOR COST, SHOULD QUOTE THE RATE FOR THE WORK.

➤ THE OWNER OR THE PARTY INVITING TENDER SHOULD HAVE APPROVAL TO START SUCH AND SUCH WORK AND SHOULD BE FINANCIALLY STABLE.

➤

➤ THE OWNER OR THE ARCHITECT DOES NOT BLAME ANY LIABILITY FOR ANY EXPENSES THAT MAY BE INCURRED BY THE CONTRACTOR FOR INSPECTION OF SITE AND FOR PREPARATION OF THE TENDER.

❖ **PREPARATION OF TENDERS**

1) LANGUAGE OF TENDER

THE TENDER AND ALL CORRESPONDENCE AND DOCUMENTS RELATING TO THE TENDER SHALL BE WRITTEN IN THE ENGLISH LANGUAGE.

2) DOCUMENTS COMPRISING THE TENDER

THE TENDER TO BE PREPARED BY THE TENDERER SHALL COMPRISE:

- THE FORM OF TENDER AND APPENDIX THERETO
- A TENDER SURETY,
- THE PRICED BILLS OF QUANTITIES AND SCHEDULES,
- THE INFORMATION ON ELIGIBILITY AND QUALIFICATION, REQUIRED FOR COMPLETING AND SUBMITTING THE TENDER DOCUMENTS.

3) TENDER PRICES

- ALL THE INSERTIONS SHALL BE MADE IN INK AND THE TENDERER SHALL CLEARLY FORM THE FIGURES.
- A PRICE OR RATE SHALL BE INSERTED BY THE TENDERER FOR EVERY ITEM IN THE BILLS OF QUANTITIES WHETHER THE QUANTITIES ARE STATED OR NOT.
- THE PRICES AND UNIT RATES IN THE BILLS OF QUANTITIES ARE TO BE THE FULL [ALL-INCLUSIVE] VALUE OF THE WORK DESCRIBED UNDER THE ITEMS, INCLUDING ALL COSTS AND EXPENSES AND ALL GENERAL RISKS, LIABILITIES AND OBLIGATIONS.

- TENDERER MUST ENTER 10% AMOUNT OF THE SUB-TOTAL OF THE BILLS OF QUANTITIES FOR CONTINGENCIES AND VARIATION OF PRICES[V.O.P.] PAYMENTS IN THE SUMMARY SHEET AND ADD THEM TO THE SUB-TOTAL TO ARRIVE AT THE TENDER AMOUNT.
- TENDERER SHALL FURNISH WITH HIS TENDER WRITTEN CONFIRMATION FROM HIS SUPPLIERS OR MANUFACTURERS OF BASIC UNIT RATES FOR THE SUPPLY OF ITEMS LISTED IN THE CONDITIONS OF CONTRACT.

4) CURRENCIES OF TENDER AND PAYMENT

- TENDERERS ARE REQUIRED TO INDICATE IN THE STATEMENT OF FOREIGN CURRENCY REQUIREMENTS
- THE RATE OF RATES OF EXCHANGE USED FOR PRICING THE TENDER SHALL BE SELLING RATE OR RATES OF THE CENTRAL BANK RULING ON THE DATE THIRTY BEFORE THE FINAL DATE FOR THE SUBMISSION OF TENDERS.
- MUST ENCLOSE A BRIEF JUSTIFICATION OF THE FOREIGN CURRENCY REQUIREMENTS STATED IN THEIR TENDERS.

5) TENDER VALIDITY

- TENDER SHALL REMAIN VALID AND OPEN FOR ACCEPTANCE FOR A PERIOD OF ONE HUNDRED AND TWENTY (120) DAYS FROM DATE OF OPENING

6) TENDER SURETY

- THE TENDERER SHALL FURNISH AS PART OF HIS TENDER, A TENDER SURETY IN THE AMOUNT STATED IN THE APPENDIX TO INSTRUCTIONS TO TENDERERS.
- THE TENDER SURETIES OF UNSUCCESSFUL TENDERS WILL BE RETURNED AS PROMPTLY AS POSSIBLE BUT NOT LATER THAN TWENTY EIGHT (28) DAYS AFTER EXPIRATION OF THE TENDER VALIDITY PERIOD.

- THE TENDER SURETY MAY BE FORFEITED:
 - (a) IF A TENDERER WITHDRAWS HIS TENDER DURING THE PERIOD OF TENDER VALIDITY,
 - (B) IN THE CASE OF A SUCCESSFUL TENDERER, IF HE FAILS, WITHIN THE SPECIFIED TIME LIMIT.
 - (I) TO SIGN THE AGREEMENT, OR.
 - (II) TO FURNISH THE NECESSARY PERFORMANCE SECURITY.
 - (C) IF A TENDERER DOES NOT ACCEPT THE CORRECTION OF HIS TENDER PRICE.

7) NO ALTERNATIVE OFFERS

- SHALL SUBMIT AN OFFER WHICH COMPLIES FULLY WITH THE REQUIREMENTS OF THE TENDER DOCUMENTS.
- ONLY ONE TENDER MAY BE SUBMITTED BY EACH TENDERER EITHER BY HIMSELF OR AS PARTNER IN A JOINT VENTURE.

8) PRE-TENDER MEETING

- REPRESENTATIVE OF TENDER IS INVITED TO ATTEND A PRE TENDER MEETING, THE PURPOSE OF THE MEETING WILL BE TO CLARIFY ISSUES AND TO ANSWER QUESTIONS ON ANY MATTER THAT MAY BE RAISED AT THAT STAGE.

9) FORMAT AND SIGNING OF TENDERS

- THE TENDERER SHALL PREPARE HIS TENDER AS OUTLINED IN CLAUSE 7 ABOVE AND MARK APPROPRIATELY ONE SET “ORIGINAL” AND THE OTHER “COPY”.
- THE COPY OF THE TENDER AND BILLS OF QUANTITIES SHALL BE TYPED OR WRITTEN IN INDELIBLE INK AND SHALL BE SIGNED BY A PERSON DULY AUTHORIZED TO SIGN ON BEHALF OF THE TENDERER.
- PROOF OF AUTHORIZATION SHALL BE FURNISHED IN THE FORM OF THE WRITTEN POWER OF ATTORNEY WHICH SHALL ACCOMPANY THE TENDER.

INVITATION OF TENDER

THREE MODES,

1. PUBLIC TENDER,
2. SELECTED OR LIMITED TENDER AND
3. NEGOTIATED TENDER.

PUBLIC TENDER	SELECTED TENDER	NEGOTIATED TENDER
SUITABLE FOR PUBLIC AND PRIVATE WORKS. COMPULSORY FOR PUBLIC WORKS.	SUITABLE FOR PRIVATE WORKS	SUITABLE FOR PRIVATE WORKS OF SMALL MAGNITUDE OR FOR REPAIR WORKS, AND WORKS OF ADDITIONS AND ALTERATIONS TO AN EXISTING BUILDING.
KEEN COMPETITION AND FORMATION OF A SYNDICATE	COMPETITION ON A SMALL SCALE, CHANCES OF FORMATION OF A SYNDICATE ARE THERE.	NO COMPETITION AND NO SYNDICATE.
FINANCIAL INTEGRITY AND ORGANIZATION FOR THE WORK ARE NOT KNOWN	FINANCIAL INTEGRITY, ETC. ARE KNOWN.	FINANCIAL INTEGRITY, ETC. ARE KNOWN.
MORE CHANCES OF DISPUTES	LESS CHANGES OF DISPUTES	LESS CHANGES OF DISPUTES.
OPENS FIELD FOR NEW BRILLIANT CONTRACTORS.	NEW CONTRACTORS DO NOT STEP IN THE FIELD.	NEGOTIATED WITH ONE OR MAXIMUM OF TWO KNOWN CONTRACTORS, AND HENCE QUESTION OF NEW CONTRACTORS DOES NOT ARISE.
NOT VERY WELL SUITED FOR SPECIALIZED AND SKILLED WORKS.	SUITABLE FOR SPECIALIZED AND SKILLED WORKS.	SUITABLE FOR SPECIALIZED AND SKILLED WORKS BUT COST WILL BE VERY HIGH.
COST OF WORK WILL BE LOW.	COST OF WORK WILL BE ON A HIGHER SIDE.	COST WILL BE VERY HIGH

TENDERS MUST BE OPENED IN PRESENCE OF THE TENDERERS WHO CHOOSE TO REMAIN PRESENT.	NOT ESSENTIAL THAT THE TENDERS SHOULD BE OPENED IN THE PRESENCE OF THE TENDERERS.	NO OPENING OF THE TENDERS IN THIS CASE
MISTAKES COMMITTED BY THE CONTRACTORS CANNOT BE CHECKED IN ADVANCE.	MISTAKES OF THE CONTRACTORS CAN BE CHECKED AND RECTIFIED PRIOR TO ACCEPTANCE.	MISTAKES OF THE CONTRACTORS CAN BE CHECKED AND RECTIFIED.

TENDER DOCUMENTS

EACH TENDER FORM MUST CONTAIN THE FOLLOWING:

1. SPECIAL NOTICE ISSUED EITHER IN NAME OF THE OWNER OR THE ARCHITECT.
2. TENDER ACCEPTANCE LETTER FROM THE CONTRACTOR.
3. ARTICLES OF AGREEMENT WITH SPECIAL CONDITIONS OF CONTRACT.
4. GENERAL SPECIFICATION.
5. BILL OF QUANTITIES IN CASE OF ITEM RATE TENDER.
6. SPECIAL CONDITIONS AND DETAILED SPECIFICATION OF WORK IN CASE OF LUMP SUM TENDER.

ESSENTIALS CHARACTERISTICS OF A TENDER NOTICE

- THE TENDER NOTICE MUST CARRY THE NAME OF THE OWNER, THE PLACE, NATURE AND EXTENT OF WORK, ESTIMATED COST, ETC.
- IT MUST MENTION THE AMOUNT OF EARNEST MONEY AND TENDER FEES.
- MINIMUM TIME GIVEN TO THE CONTRACTOR FOR RETURNING THE TENDERS SHOULD BE 15 TO 20 DAYS, FROM THE DATE OF ISSUE OF THE SAME.
- PLACE OF DELIVERY OF THE TENDERS BY THE CONTRACTOR SHOULD BE SPECIFIED., THE CONTRACTOR SHOULD BE ASKED TO INSPECT THE SITE PRIOR TO FILING OF THE
- TENDER AND SHOULD WELL ASCERTAIN THE TYPE OF SOIL, TYPE OF WORK, ETC.

TYPES OF TENDERS

1. ITEM RATE TENDER: ITEM RATE TENDER IS THE BALANCED ONE AS NO UNDUE PROFIT OR LOSS TO THE CONTRACTOR.
2. LUMP-SUM TENDER: LUMP-SUM TENDER IS THE UNBALANCED ONE RESULTING IN EXCESSIVE PROFIT OR LOSS TO THE CONTRACTOR.
3. COST PLUS % TENDER: PERCENTAGE TENDER IS THE UNBALANCED ONE RESULTING IN MORE COST OF CONSTRUCTION AND HENCE MORE PROFIT FOR CONTRACTOR UNLESS CHECKED BY BONUS AND PENALTY CLAUSE.

□ EARNEST MONEY DEPOSIT (EMD)

➤ OBJECTIVE OF INSISTING ON EMD:

- EARNEST MONEY IS DEPOSITED BY EACH TENDERER TO ENABLE THE OWNER
- TO ENSURE THAT A TENDERER DOES NOT REFUSE TO EXECUTE THE WORK
- AFTER IT HAS BEEN AWARDED. IT IS A GUARANTEE FOR DUE PERFORMANCE OF THE CONTRACT.

MODE OF DEPOSING EARNEST MONEY:

- EMD IS GIVEN IN CASH, OR DEPOSIT AT CALL RECEIPT OF A SCHEDULED BANK OR BY BANK GUARANTEE.

□ FORFEITURE OF EMD :

IN CASES WHERE A TENDERER FAILS TO COMMENCE THE WORK AWARDED TO HIM, THE EARNEST MONEY ALONG WITH PERFORMANCE GUARANTEE IS ABSOLUTELY FORFEITED TO THE OWNER. IT IS ALSO FORFEITED IF THE TENDERER WITHDRAWS HIS TENDER BEFORE THE EXPIRY OF VALIDITY PERIOD OR MAKES ANY MODIFICATION IN THE TERMS AND CONDITIONS OF THE TENDER WHICH ARE NOT ACCEPTABLE TO THE OWNER.

□ REFUND OF EARNEST MONEY:

THE EARNEST MONEY OF SUCCESSFUL TENDERER CAN BE ADJUSTED AGAINST THE SECURITY DEPOSIT REQUIRED TO BE FURNISHED BY HIM.

THE EARNEST MONEY OF ALL THE UNSUCCESSFUL TENDERERS SHOULD BE RETURNED AS EARLY AS POSSIBLE AFTER THE EXPIRY OF VALIDITY PERIOD OR AFTER AWARD OF CONTRACT WHICHEVER IS EARLIER.

SECURITY DEPOSIT

(I) OBJECTIVE OF COLLECTING SECURITY DEPOSIT:

IT IS A CHECK OR SAFEGUARD FOR THE OWNER TO ENSURE THAT CONTRACTOR FULFILLS ALL TERMS AND CONDITIONS OF THE CONTRACT, CARRIES OUT THE WORK TO HIS SATISFACTION, MAINTAINS DESIRED PROGRESS AND COMPLETES THE WORK AS ENVISAGED IN THE CONTRACT AGREEMENT

(II) MODE OF DEPOSIT:

CASH, FIXED DEPOSIT RECEIPTS OF STATE BANK OF INDIA OR SCHEDULED BANK OR BANK GUARANTEE BOND.

(III) FORFEITURE OF SECURITY DEPOSIT:

IT IS FORFEITED IN FULL OR IN PARTS WHEN THERE IS A BREACH OF CONTRACT.

(IV) REFUND OF SECURITY DEPOSIT:

- IT IS REFUNDED
- ON COMPLETION OF WORK AFTER EXPIRY OF DEFECT LIABILITY PERIOD
- ON OBTAINING LABOR CLEARANCE CERTIFICATE ON FINALIZATION OF FINAL BILL AND WORKS ACCOUNTS.

BIDDING SYSTEM

POST QUALIFICATION PROCEDURE IS ADOPTED IN THIS SYSTEM. THERE ARE TWO TYPES OF BID AS GIVEN BELOW:-

- PRICE BID
- TECHNICAL BID

□ PRICE BID

PRICE BIDS ARE OPENED IN RESPECT OF ONLY CONTRACTORS SHORT LISTED. FOR OTHER CONTRACTORS, THE PRICE BIDS ARE NOT OPENED AND MAY BE RETURNED TO THEM. QUOTED PRICE IS THE CRITERIA FOR TAKING A DECISION TO AWARD THE CONTRACT IN A TWO COVER SYSTEM OF BIDDING.

□ TECHNICAL BID

A FORMAT IS PRESCRIBED FOR TECHNICAL BID TO OBTAIN VARIOUS PARTICULARS OF THE CONTRACTOR. INFORMATION IS SOUGHT ON DETAILS OF TECHNICAL PROFESSIONALS; CONSTRUCTION EQUIPMENT POSSESSED, ON GOING WORKS, LIST OF WORKS COMPLETED DURING THE LAST 3 YEARS AND ITS VALUE. COPIES OF REGISTRATION DOCUMENT AND FINANCIAL SOLVENCY AS CERTIFIED BY A SCHEDULED BANK. THE CONTRACTOR MAY ALSO BE ASKED TO MAKE A PRESENTATION OF HIS ORGANIZATION AND WORKS COMPLETED AND WORKS ON HAND. BASED ON THEIR FINANCIAL, PROFESSIONAL AND ORGANIZATIONAL CAPACITY AND WORK EXPERIENCE, THE CONTRACTORS ARE SHORT LISTED.

❖ OPENING OF TENDERS

FOLLOWING POINTS SHOULD BE OBSERVED WHILE OPENING THE TENDERS:

1. THE TENDER SHOULD BE OPENED IN PRESENCE OF THE OWNER OR COMMITTEE MEMBERS.
2. A RECORD MUST BE KEPT FOR THE LIST OF TENDERERS AND THE MONEY DEPOSITED BY THEM. THE EARNEST MONEY SHOULD PREFERABLY BE ACCEPTED IN THE FORM OF BANK DRAFT.
3. IF THE OWNER IS NOT PRESENT, THE ARCHITECT ALONG WITH ONE ASSISTANT SHOULD OPEN THE TENDER. THE ARCHITECT SHALL SCRUTINIZE THE SAME, PREPARE COMPARATIVE STATEMENTS AND FORWARD THEM TO HIS CLIENT, WITH HIS RECOMMENDATION AS TO WHOM THE WORK SHOULD BE AWARDED AND WHY.
4. THE LOWEST TENDER SHOULD BE ACCEPTED AFTER CLOSE INVESTIGATING THE REPUTATION AND STANDING OF THAT CONTRACTOR.
5. PUBLIC TENDERS ARE INVARIABLY OPENED IN THE PRESENCE OF THE TENDERERS WHO CHOOSE TO REMAIN PRESENT.
6. IT IS ESSENTIAL TO ENSURE THAT THEY HAVE BEEN THOROUGHLY CHECKED AND ARE WITHOUT ANY MISTAKES.

ACCEPTANCE OF TENDERS

THE ARCHITECT, BEFORE ACCEPTING ANY TENDER, SHOULD OBTAIN NECESSARY WRITTEN CONFIRMATION FROM HIS CLIENT. IT SHOULD ALSO BE MADE CLEAR TO THE CONTRACTOR THAT AFTER HIS TENDER IS SELECTED, HE HAS TO SIGN THE CONTRACT FOR THE SAME WITH THE OWNER. ONCE THE CONTRACTOR IS NOMINATED FOR THE WORK, HE CANNOT WITHDRAW FROM THE SAME.

BEFORE ACCEPTING A TENDER AND SELECTING THE CONTRACTOR, THE ARCHITECT MUST CONSIDER THE FOLLOWING ASPECTS.

1. CONTRACTORS WHO HAVE QUOTED RATES VERY LOW, AS COMPARED TO THE ESTIMATED COST OF THE PROJECT, SHOULD BE REJECTED. USUALLY SUCH TENDERS RESULT IN SUB-STANDARD WORK, DELAYS, ETC.
2. CONTRACTOR'S FINANCIAL STABILITY MUST BE GIVEN PROPER IMPORTANCE.
3. CONTRACTOR'S INTELLIGENCE, HIS CAPACITY TO ORGANIZE AND CREDIT IN THE MARKET SHOULD BE JUDGED.
4. PREVIOUS WORKS EXECUTED BY HIM AND THEIR CERTIFICATES FROM PREVIOUS ARCHITECTS.
5. WORKS BEING HANDLED PRESENTLY BY THE CONTRACTOR SHOULD BE GIVEN DUE IMPORTANCE.
6. GENERAL BEHAVIOR AND TEMPERAMENT OF THE CONTRACTOR SHOULD BE OBSERVED BEFORE THE WORK IS AWARDED TO HIM.



Thank You!