

No P-17017/1/2010-RC
Government of India
Ministry of Rural Development

Krishi Bhavan, New Delhi
Dated, the 16th November, 2011

Circular No. 12/2011

Subject - Relaxation in implementation of PMGSY Projects in Left Wing Extremism (LWE) affected/Integrated Action Plan (IAP) Districts.

Government of India has identified 60 districts for Integrated Action Plan (IAP) which includes earlier identified 35 Left Wing Extremism(LWE) affected districts. Keeping in view of the problems faced in LWE affected / IAP area, the Guidelines / norms of PMGSY have earlier been relaxed in respect of population norms for habitation and minimum package amount.

Keeping in view of the feedback received from the 9 States having 60 LWE affected/IAP Districts in the National Workshop which was held on 13th September, 2011, it has been decided to give the following relaxations in PMGSY norms.

- I. As per the PMGSY guidelines, well-established procedure for tendering through competitive bidding is required to be followed for selection of agencies to execute projects sanctioned under the programme. Guidelines further require the process of tendering and award to be completed within 75 days from the date of sanction of the projects. Experience of tendering of PMGSY works in several States; however, reveals that the average time taken for awarding projects exceeds 5-6 months in a number of cases. Furthermore, in some IAP districts, single bids are being received in many packages which may be indicative of prevalence of strong market imperfections. As a result, most of the States have already moved over to procurement of PMGSY works through e-tendering in order to overcome these constraints and to award the projects sanctioned within the stipulated timeline.

Experience of e-tendering of PMGSY works has, *inter alia*, demonstrated the following advantages:

- a. Substantial reduction in transaction processing time.
- b. Increased competitiveness and deterrence against cartelization.
- c. Enhanced transparency.
- d. Moderation in bid prices and reduction in tender premium.
- e. Reduction in the overall cost of bid process management.

Keeping in view the comparative advantages of e-tendering, the Ministry of Rural Development had decided that all PMGSY works should be procured through e-tendering.

However, during the discussions with the Principal Secretaries/Secretaries of the States handling PMGSY and District Magistrates of the LWE affected/IAP Districts regarding e-tendering in the "National Workshop of IAP districts" held on 13th

September, 2011, a feedback came that in some of the highly LWE affected blocks, many outside contractors who do bid through e-tendering but do not turn up for actual construction of the roads. This leads to a number of cases of failure of e-tendering in such blocks. Moreover, small contractors of LWE/ IAP Districts having experience of working in that area cannot participate in e-tendering due to lack of knowledge. Hence, manual tendering was requested in such blocks to encourage local contractors to bid for works.

In light of the above facts, it is decided to relax the e-tendering process and manual tendering is allowed in some highly LWE affected blocks for a limited period of one year from the date of issue of this circular with the following conditions:

- a. Where, no tender has been received after three calls of e-tendering. Concerned Executive Engineer issues such a certificate.
- b. After the recommendation of such relaxation from the IAP committee, comprising of District Collector, Superintendent of Police, DFO including the Executive Engineer handling PMGSY in that block.
- c. After the approval of such relaxation by the Steering Committee at the State level headed by Chief Secretary of the State.

II. As per Operation Manual of PMGSY Para 3.3.1, a Comprehensive New Connectivity Priority List (CNCPL) of all proposed road links of PMGSY is prepared at block and district level. The prioritizing may be done in one of several ways, but whatever methodology is selected, it should be uniformly applied in the State. The basic feature of the prioritization of methodology would have to be as follows:

- a. The proposed links would need to be categorized in the order of priority at the outset.
- b. Further prioritization within the order of the priority may be done with the State/ District or block as the planning unit, as convenient.
- c. For a given order of priority and a given planning unit, the listing can be on basis of total population benefited.
- d. Further refinements in terms of population per km. benefited, etc. may be adopted if found useful.

During the discussions in the "National Workshop of IAP districts" held on 13th September, 2011, feedback came that in some of the highly LWE affected blocks because of threat of LWE activity, road works can only be carried out in the presence of security forces. If the CNCPL list is followed strictly, it would lead to a situation where the sanctioned roads would be separated by long distances resulting more number of paramilitary forces. This would also lead to huge expenditure as well as difficult to manage.

In light of the above facts, it is decided that "Cluster Approach" can be adopted in sending proposal for sanctions of eligible unconnected PMGSY roads with relaxation in priority as given in the Comprehensive New Connectivity Priority list (CNCPL).

- III. As per the present guidelines, bidders who meet the minimum qualification criteria will be qualified only if their available bid capacity for construction work is equal to or more than the total bid value. The available bid capacity is to be calculated as under:

Assessed Available Bid capacity = $(A * N * M - B)$, where,

M = 2 or such higher figure not exceeding 3 as may be specified in the Appendix to ITB.

During the discussions in the "National Workshop of IAP districts" held on 13th September, 2011, feedback came that small contractors of LWE affected/IAP districts having experience of working in that area are generally unable to participate in tendering process due to lack of sufficient bid capacity, although they have a good experience of work and capacity to take construction machinery on hire. And since there is an urgent need to promote local contractors having a good experience of work, it was felt that the "assessment criteria of bid capacity" of contractors should be relaxed so that smaller contractors can also participate in PMGSY works.

In light of the above facts, it is decided to relax the "assessment criteria of bid capacity" of contractors and hence, increase the 'M' value in "bid capacity assessment formula" as above from '2' to '3' in the tender document in case of all 60 IAP Districts. Accordingly, State Governments are expected to incorporate this condition in the Bid Documents before inviting the bids for works in IAP districts.

- IV. As per clause 13.1 of the Programme Guidelines of PMGSY, projects sanctioned under the schemes are required to be completed within a period of 9 working months from the date of the issue of work order. The Guidelines further provide that the period for execution may be suitably determined, while approving the work programme which shall not exceed 12 calendar months in any case.

During the discussions in the "National Workshop of IAP districts" held on 13th September, 2011, feedback came that in LWE affected/IAP districts, due to remoteness and hazards created due to Left Wing Extremism etc. during the construction period of projects which results in delay in completion of projects which adversely affect the contractors.

Keeping in view of the above facts, it is decided that the time limit upto 24 calendar months would be allowed for completion of work. However, no extra liability, if any, on account of cost escalation shall be met from the programme fund provided by the Ministry of Rural Development, GOI. Accordingly, State Governments are expected to incorporate this condition in the bid documents before inviting bids for works in IAP districts.

- V. As per clause 13.1 of PMGSY Standard Bidding Document, the contractor at his own cost shall provide, in the joint name of the employer and the contractor, insurance cover from the start date to the date of completion of construction work and from date of completion work to end of the liability period for routine

maintenance works, in the amount deductibles stated in the contract data for the events like contractors risks due to loss of or damage to the works, plant and materials, loss of or damage to equipment, loss of or damage to property (except the works, plant, materials and equipment) in connection with the contract etc.

During the discussions in the "National Workshop of IAP districts" held on 13th September, 2011, feedback came that in number of occasions, the plants and machinery of contractors have been damaged or even burnt by Left wing Extremists and related property is damaged.

Keeping in view the above facts, it is decided that while formulating estimates and preparing DPRs, cost of insurance premium against such risks can also be included.


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To
The All State Principal Secretaries/Secretaries dealing with PMGSY.

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