

# A CONTRACT BIDDING PROCESS IN CONSTRUCTION INDUSTRY

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**Abstract** – Construction contractor selection methods are fundamentally different from other service contract. In the present scenario, there are numerous types of construction contract but the choice of contract depends on money and contract strategy. In most of the cases construction work is awarded mainly on the basis of competitive bidding. Under this system, project owner invites interested contractors to compete for a project by tendering bids. The award is made on basis of the bidder with lowest quoted price.

**Keywords:** Contractor, Bidding, Award, Bidder, Money, Lowest, etc...

## 1. BIDDING PROCESS

Bidding is the process of setting a price; bidder is interested to pay for the project. The ultimate aim of the bidding process is to maximize the value of money by creating competition among bidders. The bidding process includes,

1. List of websites
2. Eligibility criteria for technical bid
3. Technical bid enclosures
4. Prequalification document

### 1.1 List of websites

The following are the some of the online websites to collect details about the notifying tenders and tender process,

1. [www.tntenders.gov.in](http://www.tntenders.gov.in)
2. [www.tnderwizard.com/CPWD](http://www.tnderwizard.com/CPWD)
3. [www.tenderwizard.com/NBCC](http://www.tenderwizard.com/NBCC)
4. [www.north.eproc.in](http://www.north.eproc.in) (old)
5. [www.north.eproc.in](http://www.north.eproc.in) (new)
6. [www.bpdeproc.in](http://www.bpdeproc.in)
7. [www.eprocure.gov.in](http://www.eprocure.gov.in)
8. [www.tenderdetail.com](http://www.tenderdetail.com)
9. [www.domexinfo.com](http://www.domexinfo.com)
10. [www.sr.indianrailways.gov.in](http://www.sr.indianrailways.gov.in)
11. [www.CPWD.com](http://www.CPWD.com) / [www.cpwd.gov.in](http://www.cpwd.gov.in)
12. [www.eproc.karnataka.gov.in](http://www.eproc.karnataka.gov.in)
13. [www.tendertiger.com](http://www.tendertiger.com)
14. [www.ireps.gov.in](http://www.ireps.gov.in)
15. [www.eprocurement.gov.in](http://www.eprocurement.gov.in)

### 1.2 Eligibility Criteria for technical bid

The following criteria is mandatory for technical bid evaluation in any type of project

1. Financial bid capacity (  $A \times N^2$  ) – B (equal or more than the estimated cost)  
A - Maximum annual turnover last 5 years  
N - Duration of the project to be done  
B - Balance work on hand
2. Similar works
3. Bank balance

### 1.3 Technical Bid Enclosures

A detailed analysis has been done in order to figure out the bid preparation and enclosures during bid preparation. A data and factors considered in bid preparation has discussed. The following are the list of enclosures to be attached while submitting technical bid for tender,

1. Fresh **certificate of incorporation** consequent upon change of name
2. **PWD registration for construction works**
3. **PWD registration for Electrical contractor Electrical Licensing Board** (License)
4. **Tamil Nadu Value Added Tax Act, 2006** (1. Registration Certificate 2. Clearance Certificate)
5. **Certificate of Sales Tax Verification**
6. **PAN card** (in the name of company)
7. **Certificate of central excise department** (conditions prescribed in chapter V of the FINANCE ACT, 1994)
8. Power of Attorney
9. Stamp paper – BOARD MEETING MINUTES (consider & authorize directors to do all acts, deeds, etc., and on behalf of the company in respect of any contract)
10. Employees provident fund organization (forms to be maintained)
11. Turnover certificate ( last 5 years)

12. Contract profit & loss account ( last 5 years)
13. Solvency certificate ( 6 months once – good financial standing)
14. Equipment & asset details
15. NIL certificate of enclosures on property
16. Balance sheets (last 5 years)

### 1.4 Prequalification Document

The prequalification documents includes following set of documents. In most of the projects based on these documents technical bids can be evaluated.

1. Certificate of incorporation (companies act, 1956)
2. Fresh certificate of incorporation consequent upon change of name
3. Form 18 (notice of situation or change of situation of registered office)
4. Form 32 (appointment of managing directors, directors, managers and secretary)
5. Authorizing executives to sign legal & other document
6. PAN card
7. Organization chart
8. PWD registration
9. Last 5 years turnover (balance sheet)
10. Income tax acknowledgement (5 years)
11. Solvency certificate
12. Central sales tax registration certificate
13. Registration of new branch
14. Registration of VAT
15. Registration of central board of excise and customs
16. Form of certificate of sales tax clearance
17. Employees state insurance (registration form)
18. Technical persons engaged (resume copy with experience details)
19. List of major machines and construction equipments (RC book)
20. Bidder information form
21. Litigation history, pending litigation
22. Annual construction turnover
23. Project completion certificate
24. Memorandum of association
25. Registered partnership deed in the case of partnership firms
26. Details of similar projects

### 2. EVALUATION PROCESS FOR TECHNICAL BIDS

Technical Bid Evaluation mainly based on the requirement of the project. From the list of enclosures, marks or grade split up will be awarded. The bid which satisfies the qualifying criteria will be accepted. The bid without proper enclosures will be rejected. The following factors are considered for technical evaluation,

1. Threshold Capacity
2. Experience Certificate
3. Solvency Certificate
4. Turnover and Income Tax Verification

### 3. EVALUATION PROCESS FOR FINANCIAL BID

Financial Bid Evaluation will take place once the technical bid evaluation gets over. In all cases, the bidder with lowest quoted price will be awarded. The following factors to be considered during evaluation,

1. In case of equally quoted bidders (percentage basis), the project will be awarded based on bid capacity (higher) ii) Annual turnover (more)
2. In case of any discrepancy in contract price quoted ( words / figures) price quoted in words shall prevail

### 3. CONCLUSION

Collected information's and data regarding contract bidding and prequalification process are studied. The above factors and data are very helpful for the new entrepreneur and firms to know about the bidding process and it also helpful for the contractors to prepare most eligible bid.

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