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Minutes of UT Level Purchase Committee meeting convened on 07.11.2022 at 03:00 PM under the chairmanship of Development Commissioner Works (regarding pipe procurement) under Jal Jeevan Mission.

The UT Level Purchase Committee constituted vide Govt. Order No: 1138-JK (GAD) of 2021, dated: 27-10-2021 met on 07.11.2022 at 05:00 PM under the chairmanship of Development Commissioner Works, J&K through virtual mode to deliberate and discuss agenda furnished by Chief Engineer, Jal Shakti (PIIE) Department Kashmir regarding the below mentioned subject matter.

The following officers attended the meeting:

1. Chief Engineer Jal Shakti (PIIE) Jammu.
2. Chief Engineer Jal Shakti (PIIE) Kashmir.
3. Chief Engineer MED Jammu.
4. Director Finance, Jal Shakti Department, J&K.
5. Joint Director Industries & Commerce, Kashmir representing Director I&C Kashmir.
6. Joint Director (Budget) Finance Department J&K.

Subject:- Procurement of D.I. Pipes for Kashmir Province of the UT required for laying of Distribution Pipe network of various Water Supply Schemes under JJM.

Reference:-

- (i) e-NIT No. e-NIT No. JSD / PIIE-K/ JJM/ e-tender / 2021-22 / 127 Dated: 14.01.2022 for supply of DI Pipes under JJM Works.
- (ii) Minutes of the UT Level Purchase Committee Meeting convened on 26.07.2022 and 27-10-2022.

Initiating the discussions the Chief Engineer Jal Shakti Department (PHE) Kashmir requested the committee to recall the closing remark of the last meeting of the purchase committee convened on 27-10-2022, wherein it was commented that rates in respect of all the NBs of DI Pipes for JJM have now been fixed except for 100mm K7 and 200mm K7.

With regards to these two NBs, two bidders i.e. M/S Jai Balaji Industries and M/S Tata Metaliks in response to the counter offered rates, offered their own rebated rates. These rebated rates are shown below for record and reference purpose.

S.No	Diameter of Pipe	Reasonable rates counter offered per Metre	Rate offered by M/s Jai Balaji per Metre	Rate offered by M/s Tata Metaliks per Metre
1	100 mm K7	1193.54	1264.91	-
2	200 mm K7	2057.83	2250.13	2248

These rebated rates although lower than the L1 rates, are still higher than the reasonable rates worked out by the Department and counter offered.

Recently the Government of Haryana through their DGS&D has issued an annual rate contract for purchase of ISI Marked Centrifugally (Cast) spun DI pipes of sizes: 100mm (K-7), 150mm (K-9) and 200mm (K-9) vide endorsement No. 74 /HR/RC/E-2/2022-23/8246 Dated: 31.10.2022. The Rate Contract has been issued in favour of four OEMs of DI Pipes namely M/S Jindal Saw Ltd, M/S Electrosteel Castings Ltd, M/S Jai Balaji Industries and M/S Electrotherm (India) Ltd. Presently all these OEMs have participated in instant e-NIT, with one OEM i.e. M/S Jai Balaji Industries Ltd having signed agreement for Supply of DI Pipes of various diameters with our department. Besides, it has come to fore that the Government of Maharashtra has also signed a rate contract with M/S Jai Balaji Industries Ltd for various NBs of DI Pipes including 200mm K7 on 22-07-2022.

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On discovery of the rates for 100mm K7 and 200mm K7 DI Pipes in the States of Haryana and Maharashtra, a comparison was drawn between these rates and rebated rates offered by M/S Jai Balaji Industries Ltd and M/S Tata Metalliks Ltd for these NBs in the instant tender. The comparison sheet appended with the agenda note was explained to the committee by GE PHE (K). After detailed discussions amongst the committee members it was observed that revised rate offered by M/S Jai Balaji and M/S Tata Metalliks for 100mm K7 and 200mm K7 compared with the rates approved in the two States i.e Haryana and Maharashtra for the same OEM, both the rates are in close proximity. A summary of the rate comparison is reproduced hereunder:-

S.No	Dia of Pipe	Total updated rates of L1 as on March 2022 (WPI 172)	Total updated counter offered rates as on March 2022 (WPI 172)	Total updated rebated offered rates by M/s Balaji as on March 2022 (WPI 172)	Approved Rates in Haryana after deducting the TPI Charges as on March 2022 (WPI 172)
1	100mm K7	1432.76	1287.93	1326.83	1341.90
S.No	Dia of Pipe	Total updated rates of L1 as on Feb 2022 (WPI 154.90)	Total updated counter offered rates as on Feb 2022 (WPI 154.90)	Total updated rebated offered rates by M/s Tata as on Feb 2022 (WPI 154.90)	Rates approved in Maharashtra after deducting the TPI Charges and adding GST as on Feb 2022 (WPI 154.90)
2	200mm K7	2308.12	2089.81	2210.07	2239.10

At this juncture, the Chief Engineer Jal Shakti Department (PHE) Kashmir suggested the committee to consider the revised rebated rates offered by these two OEMs on the basis of the following facts:-

01. As a matter of precedence prevalent in the Department during the last two to three decades, while undertaking the rate analysis of the pipe material, escalation only on account of increase in WPI of key raw material in case of DI pipe i.e. Pig Iron is loaded on the basic prices of the last purchase price available in the Department. Other escalators like inflation, labour, energy, price indices, statutory changes and so on are not taken into account while undertaking analysis of rates. Pertinently these factors as per the clause 2.1e sub clause (iv) of manual for procurement of goods are also to be taken into account while undertaking estimation/rate analysis.
02. The supply order for procurement of DI pipes issued by various Govt. Departments outside the UT as well as this Department entails a clause known as "Fall Clause" according to which if any OEM quotes or accepts a price lower than the one fixed in the Department during the currency of the contract, same shall be recovered from the due payments of supplier. As a result while undertaking negotiation the options of extending a discount by an OEM is governed by the rates which the firm has agreed / fixed with the Govt. Departments of other states.
03. The rebate required for the rates quoted by these OEM's in order to arrive at the rates worked out by the Department and counter offered are not in consonance with the market

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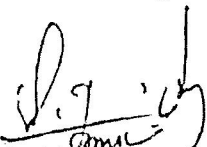
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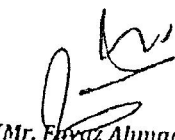
reality. In all likelihood on re-tendering with the condition of inviting tenders from OEMs only, rates offered by these OEM's will again be either equal or greater than the quoted rates in the instant tender. Besides considerable time period of around 02 months will be lost in the process. Moreover as per the record of discussion for the review under the chairmanship of Secretary DDWS regarding implementation of JJM held on 08-10-2022, among other things deadline for issuance of work orders was fixed as December 2022.

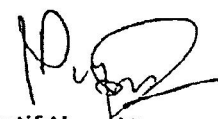
04. Further it was informed that if the UT Level Purchase Committee accepts the revised offer from M/s Jai Balaji Industries Ltd. Kolkata and M/s Tata Metaliks Ltd. Kolkata in respect of 100mm K7 and 200mm K7 as these rates when brought to the rates as on March 2022/ February 2022 applicable in Haryana / Maharashtra are slightly lower than the rates worked out on the basis of Haryana/ Maharashtra rates.
05. If the rebated offered rates of M/S Jai Balaji Industries for 100mm K7 and M/S Tata Metaliks for 200mm K7 are approved, potential savings to the tune of Rs 11 Cr (for an approximate quantity of 1577.709 KM for 100 mm dia K7 @Rs. 1264.91 and 593.536 KM for 200 mm dia K7 @Rs. 2248.00 respectively) have been worked out. These are reproduced hereunder for comparison and reference purpose.

After threadbare discussions/deliberations regarding above observations, the committee unanimously decided that the rebated rates offered by two OEMs for 100mm K7 and 200mm K7 are reasonable and thereby approved. However the Chief Engineer, Jal Shakti Department (PHE) Kashmir shall offer these rates to the bidders in order of preference of the lowest quoted rate for each NB in accordance with the relevant bid conditions. In case of non-acceptance of these rates by any of the OEMs, offer shall be made to the next lowest bidder and so on.


The meeting ended with a vote of thanks to the chair.

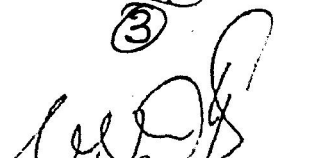

(Sh. Javid Maqbool-Khanday)
Joint Director (Budget)
Finance Deptt. J&K
①



(Mr. Fayaz Ahmad)
Joint Director
Industries & Commerce Deptt.
Kashmir
②


(Sh. Latif Ahmad Poswal)
Director Finance
Jal Shakti Deptt. J&K
③


(Er. Fareed Chowdhary)
Chief Engineer
MED Jammu
④


(Er. Himesh Manchanda)
Chief Engineer
Jal Shakti (PHE) Jammu
⑤


(Er. Basharat Jeevan Kawoosa)
Chief Engineer,
Jal Shakti (PHE) Kashmir
⑥


(Er. Prakash Chander)
Development Commissioner
Works PW(R&D)
⑦

21/11/2022