



# BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED

(Wholly owned by Government of Karnataka Undertaking)

Ph No: 080-22085044

E-Mail [gmqs.work@gmail.com](mailto:gmqs.work@gmail.com)

No: GM(QS&S)/BC-35/DGM-4/AGM-5/22-23/

Encl:



O/o GM (Q,S&S) Office  
Corporate Office, K.R. Circle  
Bengaluru-560 001

Date: 24 JAN 2023

CYS -  
120



## OFFICIAL MEMORANDUM

<b>Sub:</b>	Amount Put to Tender while inviting Tenders - Reg
<b>Ref:</b>	<ol style="list-style-type: none"><li>1. Circular vide No. BESCOM/BC-33/C-2291/2010-11/Cys-60 Dtd 07.08.2010 issued for CGM(Tech), BESCOM</li><li>2. Circular No. BESCOM/DT/EA/2020-21/CYS-1001 Dtd 14.09.2020 issued for DT, BESCOM</li><li>3. MoM No. BESCOM/GM(QS&amp;S)/BC-35/AGM-5/22-23/CYS-106 Dtd 06.01.2023</li></ol>

### **Preamble:**

Time to time clear cut circular guidelines have been issued vide letters under reference for arriving the amount put to tender and comparison of tenders. But it is observed that many procurement authorities are not following these circular instructions properly, as a result the actuals are being wrongly presented.

A meeting was convened on **03.01.2023** in Board Room, BESCOM Corporate office, KR Circle, Bengaluru to discuss the parameters to ascertainment of amount put to tender and amount for comparison of tenders. The meeting was chaired by Managing Director, BESCOM and chairman of Common SR Committee.

The committee after detailed discussions & deliberations approved to follow the methodology as under for arriving the amount put to tender.

Hence this order,

**ORDER**

BESCOM/BC-35/GM(QS&S)/DGM-4/AGM-5/2022-23/ CYS - Dated: 24 JAN 2023  
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Approval is accorded to adopt the following Methodology for Amount put to tender while inviting tenders and the circulars under reference are withdrawn with immediate effect.

Abstract for preparation of Estimates		
Sl. No.	Particulars	Amount in Rs
1	Materials Cost	
2	Labour charges	
3	Special Locality Allowance @ ___% on labour charges on Sl. No. 2 above (applicable for areas mentioned in CSR)	
4	Total Labour Charges (2+3)	
5	GST @ 18 % on Total labour charges .	
6	Total Labour Charges with GST (4+5)	
7	Contribution towards employees provident fund charge @ 13% & ESI @ 3.25% (wherever applicable) on Total Labour Charges (4)	
8	GST @ 18% on EPF & ESI contribution (7)	
9	<b>Overhead Charges (Consists of the following)</b>	
a	Transportation cost from stores to site @ 2% on Material Cost (1)	
b	Contingencies @ 3% on Material Cost (1) + Total Labour Cost with GST (6)	
c	Building Cess @ 1% on Material Cost (1) + Total Labour Cost with GST (6)	
d	Watch and ward cost @ 1% on Material Cost (1)	
e	Insurance cost against theft & accident @ 1% on Material Cost (1)	
f	Performance guarantee and loss of interest on margin money for BG @ 2.5% of the value of BG (i.e., 2.5% on 5% of 146)	
10	<b>Total Cost of the Estimate in Rs. (amount put to tender)</b>	

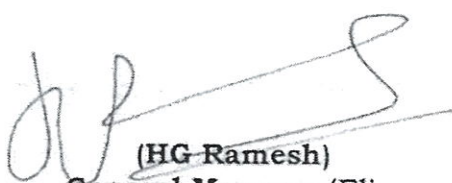
**Note:**

1. ESCOM Establishment cost @ 20% as applicable (This is a "Notional Amount" and not to be collected from the agencies nor payable to any agency) shall be considered for Labour Contract Works & DCW works for arriving total estimate cost while preparing the estimates
2. Statutory charges as per actual (Inspectorate charges, civic body charges etc.,) and Compensation cost for tree cutting etc., as per approved norms shall be considered wherever applicable for total estimate cost while preparing estimates

All the procurement authorities of all ESCOMs should compulsorily follow the methodology as stated above for accessing the amount put to tender while inviting tender and finalizing the award.

Any deviation to the above in inviting and finalizing the tenders shall be viewed seriously.

Approved by Director  
(Technical), BESCO

  
(HG Ramesh)  
General Manager (El)  
QS&S, BESCO and  
Convener of SR Committee

**For Kind information to:**

1. Director (Technical), KPTCL/MESCOM/GESCOM/HESCOM/CESC


**Copy to:**

1. All the Chief General Manager, Corporate Office, Bengaluru.
2. All the Chief Engineers (El.,) O & M Zones, BESCO.
3. All General Manager, Corporate Office, BESCO.
4. All the Superintending Engineers (El.,) C, O & M Circles, BESCO.
5. All Controller of Accounts, BESCO.
6. All Deputy Controller of Accounts, BESCO.
7. All Deputy General Managers, Corporate Office, BESCO.
8. All the Executive Engineers (El.,) C, O & M Divisions/ QS&S/BESCO Stores, BESCO.
9. All the Executive Engineers (Civil) BMAZ/BRAZ/Chitrdurga Divisions, BESCO.
10. All Assistant Executive Engineers (El.,) C, O & M sub-Divisions, BESCO.
11. All the Assistant General Manager (El.,) Q, S & S, Corporate office, & Kolar, Tumkur, Davanagere BESCO.
12. All Accounts Officers, C, O&M Divisions, I/A, F & C, BESCO.
13. PS to MD, KPTCL, Corporate Office, Kaveri Bhavan, KPTCL with a request to place before Managing Director, KPTCL
14. PS to MD/D(T)/ D(F), Corporate Office, BESCO with a request to place before Managing Director, BESCO, Director (Technical), BESCO, Director (Finance), BESCO.
15. All Section Officers, BESCO.
16. Office Copy/ MF.

ಮುಖ್ಯ ಸಂಖ್ಯೆ: ಮಿ.ಉ.ಅಂ/ಅಂ(ಉ)/ಕಾನಿಇಂ(ವಿ)(ಕಾ)/ 2022-23/ 946-177 ದಿನಾಂಕ 07.02.2023

**ಪ್ರತಿಗಳು:**

1. ಮುಖ್ಯ ಅಧಿಕಾರಿ ಅಧಿಕಾರಿ, ಆಡಳಿತ ಕಛೇರಿ, ಮೆಸ್ಕಾಂ - ಇವರ ದಯಾಪರ ಅವಗಾಹನೆಗಾಗಿ.
2. ಅಧಿಕಾರಿ ಸಲಹೆಗಾರರು, ಆಡಳಿತ ಕಛೇರಿ, ಮೆಸ್ಕಾಂ - ಇವರ ದಯಾಪರ ಅವಗಾಹನೆಗಾಗಿ.
3. ಮುಖ್ಯ ಇಂಜಿನಿಯರ್(ವಿ), ಕಾ ಮತ್ತು ಪಾ ವಲಯ, ಮೆಸ್ಕಾಂ, ಮಂಗಳೂರು/ ಶಿವಮೊಗ್ಗ ಇವರ ದಯಾಪರ ಅವಗಾಹನೆಗಾಗಿ ಹಾಗೂ ಸೂಕ್ತ ಕ್ರಮಕ್ಕಾಗಿ ಸಲ್ಲಿಸಲಾಗಿದೆ.
4. ಎಲ್ಲಾ ಅಧೀಕ್ಷಕ ಇಂಜಿನಿಯರ್(ವಿ), ಆಡಳಿತ ಕಛೇರಿ, ಮೆಸ್ಕಾಂ - ಸೂಕ್ತ ಕ್ರಮಕ್ಕಾಗಿ.
5. ಅಧೀಕ್ಷಕ ಇಂಜಿನಿಯರ್(ವಿ), ಎಂ.ಆರ್.ಟಿ. ವೃತ್ತ, ಮೆಸ್ಕಾಂ ಅತ್ತಾವರ - ಸೂಕ್ತ ಕ್ರಮಕ್ಕಾಗಿ.
6. ಅಧೀಕ್ಷಕ ಇಂಜಿನಿಯರ್(ವಿ) (ಸ್ಕಾಡ), ಕದ್ರಿ, ಮೆಸ್ಕಾಂ ಮಂಗಳೂರು - ಸೂಕ್ತ ಕ್ರಮಕ್ಕಾಗಿ.
7. ಅಧೀಕ್ಷಕ ಇಂಜಿನಿಯರ್(ವಿ) (ಹೆಚ್.ಆರ್.ಡಿ), ಶಕ್ತಿನಗರ, ಮೆಸ್ಕಾಂ ಮಂಗಳೂರು - ಸೂಕ್ತ ಕ್ರಮಕ್ಕಾಗಿ.
8. ಎಲ್ಲಾ ಅಧೀಕ್ಷಕ ಇಂಜಿನಿಯರ್(ವಿ), ಕಾ ಮತ್ತು ಪಾ ವೃತ್ತ, ಮೆಸ್ಕಾಂ - ಸೂಕ್ತ ಕ್ರಮಕ್ಕಾಗಿ.
9. ಕಾರ್ಯನಿರ್ವಾಹಕ ಇಂಜಿನಿಯರ್(ವಿ) (ಮಾಹಿತಿ ತಂತ್ರಜ್ಞಾನ), ಆಡಳಿತ ಕಛೇರಿ, ಮೆಸ್ಕಾಂ. M-Sync ನಲ್ಲಿ ಅಳವಡಿಸುವಂತೆ ಹಾಗೂ ಮೆಸ್ಕಾಂನ ಜಾಲ ತಾಣದಲ್ಲಿ ಪ್ರಕಟಿಸುವಂತೆ ಸೂಚಿಸಲಾಗಿದೆ.
10. ಎಲ್ಲಾ ಕಾರ್ಯನಿರ್ವಾಹಕ ಇಂಜಿನಿಯರ್(ವಿ), ಕಾ ಮತ್ತು ಪಾ ವಿಭಾಗ, ಮೆಸ್ಕಾಂ - ಸೂಕ್ತ ಕ್ರಮಕ್ಕಾಗಿ.
11. ಹಿ.ಆ.ಕಾ- ವೈ.ನಿ/ ನಿ(ತಾಂ), ಮೆಸ್ಕಾಂ.
12. ಕ.ಪ್ರ/ ಮ.ಕ.

  
ಅಧೀಕ್ಷಕ ಇಂಜಿನಿಯರ್(ವಿ)(ಖರೀದಿ)  
ಮೆಸ್ಕಾಂ, ಮಂಗಳೂರು

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**BANGALORE ELECTRICITY SUPPLY COMPANY LIMITED**  
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E-Mail [gms.work@gmail.com](mailto:gms.work@gmail.com), [gms@bescom.co.in](mailto:gms@bescom.co.in)

No: BESCOM/GM(QS&S)/BC-35/AGM-5/22-23/CYS-106

Encl:

O/o GM(Q&S) Office  
Corporate Office,  
K.R. Circle  
Bengaluru-560 001

Date: 06 JAN 2023

**Minutes of Meeting**

Date: 03.01.2023	Start Time: 4.30 PM	Venue: Board Room, Corporate Office, BESCOM
Meeting Subject: Ascertainment of amount put to tender and amount for comparison of tenders		
Chaired by: Sri. Mahantesh Rilagi, IAS, MD, BESCOM & Chairman of SR Committee		
Members Present:		
1. Sri. D Nagarjuna, DT, BESCOM		
2. Sri. Chetan, DF, BESCOM		
3. Sri. BJ Umesh, CEE, T&P, KPTCL		
4. Smt. Padmavathi D, DT, BESCOM (Through VC)		
5. Sri. Srikanth M Sasalatti, DT, BESCOM (Through VC)		
6. Sri. Munigopal Raju, DT, CESC (Through VC)		
7. Sri. Siddaram Patil, DT, GESCO (Through VC)		
8. Sri. Gopal Salyan, CGM, Projects, BESCOM		
9. Sri. Shivaprakash TM, GM, Procurement, BESCOM		
10. Sri. Ravindra, DGM, Procurement, BESCOM		
11. Sri. BH Manjunath, SEE, PWD, Bengaluru Circle		
12. Sri. Rajesh HP, EE, PWD, Bengaluru		
13. Sri. Raghunath Sharma, AEE, PWD, Bengaluru		
14. Sri. HG Ramesh, GM, QS&S, BESCOM & Convener of SR Committee.		
15. Sri. Ananda R Kulkarni, AGM, QS&S, BESCOM		

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At the outset Director Technical, BESCOM welcomed the MD, BESCOM & Chairman of CSR Committee & all the members to the meeting and briefed about the purpose of the meeting. Then GM, QS&S, BESCOM initiated the discussion on amount put to tender and amount for comparison of tenders.

It was placed before the committee that, at present the following procedure is being followed by BESCOM as per the circular No. BESCOM/DT/EA/2020-21/CYS-1001 Dtd 14.09.2020 issued by DT, BESCOM for considering the amount put to tender

**TABLE - 1**

Sl No	Particulars	Labour Contract Tenders	Total Turnkey/Partial Turn Key Contract Tenders
1	Materials Cost	Nil	As per SR
2	Labour Charges	As per SR	As per SR
3	Locality Allowance @ .....% on Labour Charges on Sl. No. 2 above (applicable for areas mentioned in Page No. 270 CSR 2018-19)	@ ...% as applicable on Sl No. 2	@ ...% as applicable on Sl No. 2
4	EPP & ESI (Whenever application)	@ ...% as applicable on sum of SL no 2 & 3	@ ...% as applicable on sum of SL no 2 & 3
5	GST	@ ...% as applicable on sum of SL no 2, 3 & 4	@ ...% as applicable on sum of SL no 2, 3 & 4
6	Amount put to tender	Total of Item Nos. 2, 3, 4, & 5	Total of Item Nos. 1, 2, 3, 4, & 5

As per the direction of the Government of Karnataka a GO vide No. ಬೋಟಿ 51 ಆರ್‌ಡಿಎಫ್ 2019, ಬೆಂಗಳೂರು ದಿನಾಂಕ: 31.03.2022 (PWD 51 RDF 2019 Bengaluru Dtd 31.03.2022) is issued to publish the Schedule of Rates in the concerned organization websites. Also in the circular it is mentioned that maximum of 10% Contractors profit and 10% Overhead charges or as prescribed in their respective organizations, whichever is less may be considered.

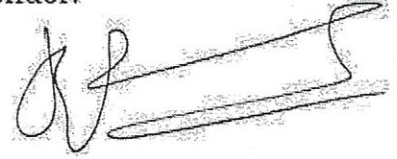
Accordingly 10% Overhead charges & 10% contractors profit are included in the Public Works Department (PWD).

However, as per the circular No. BESCOM/DT/EA/2020-21/CYS-1001 Dtd 14.09.2020, no overhead charges have been included in the amount put to tender for ESCOMs.

In ESCOMs while comparing the amount put to tender and amount for comparison of tenders, the percentage difference (tender premium) between the two is on the higher side due to non-consideration of 10% overhead charges & 10 % Contractors profit in the estimates before inviting tenders.

In the circular issued by GoK vide No. FD 128 COST-12/2021 Dtd 10.05.2022, it is stated that tender premium should not cross 5%. If tender premium more than 5% is to be allowed, then clear reasons have to be recorded and the same have to get approved from competent authorities.

While finalizing the tenders, in the 121<sup>st</sup> Board of Directors meeting of BESCOM, Finance Department raised an objection that the percentage amount of tender premium is more than 5% of the amount put to tender.



In reply to the above objection, MD, BESCO & DT, BESCO were stated that the actual fact for that is due to non-consideration of 10% overhead charges & 10% contractors profit (totaling to 20%) in the estimate as it is being considered in PWD. If it would have been considered, the tender premium would be within limits.

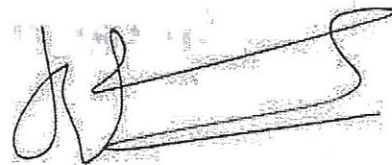
Hence Hon'ble ACS directed to follow the procedure which is being followed by PWD and other government departments in arriving the amount put to tenders.

In order to arrive at the amount put to tender, BoD decided to consider the overhead charges within the estimate & the following Abstract for preparation of Estimates for Partial Turn Key/Total Turnkey in future is as under is proposed.

**TABLE - 2**

Abstract for preparation of Estimates for Partial Turn Key/Total Turnkey		
Sl. No.	Particulars	Amount in Rs.
1	Materials Cost	
2	Labour charges	
3	Special Locality Allowance @ --% on labour charges on Sl. No. 2 above	
4	<b>Total Labour Charges (2+3)</b>	
5	GST @ 18 % on Total labour charges	
6	Contribution towards employees provident fund charge @ 12% & ESI @ 3.25% (wherever applicable) on Total labour charges (4)	
7	GST @ 18% ON EPF & ESI contribution (6)	
8	Transportation cost from stores to site @ 2% on material cost (1)	
9	Contingencies @ 3% on material (1) + total labour cost (4)	
10	Building Cess @ 1% on material (1) + total labour cost (4)	
11	Watch and ward cost @ 1% on material cost (1)	
12	Insurance cost against theft & accident @ 1% on material cost (1)	
13	Performance guarantee and loss of interest on margin money for BG @ 2.5% of the value of BG i.e, 2.5% of (5% on 1+5+6)	
14	<b>Total Estimate cost for amount put to tender (1+4 to 13)</b>	
15	BESCO Establishment cost @ 20% on labour charges as applicable (This is a "Notional Amount" and not to be collected from the agencies nor payable to any agency)	
16	Statutory charges as per actual (Inspectorate charges, civic body charges etc.,)	
17	Compensation cost for tree cutting etc., as per approved norms	
18	<b>Total Cost of Estimate in Rs. (14+15 to 17)</b>	

After briefing the above facts to all the members in the meeting, MD, BESCO & Chairman of SR Committee requested all the members to give their opinion/suggestions on consideration of amount put to tender and consideration of 10% of Overhead charges & 10% Contractors profit



Then a detailed discussion was held as below.

### Overhead Charges:

DT, HESCOM stated that they are considering all the parameters which are mentioned in the Table - 2 & included in amount put to tender for comparison of tender premium.

DT's of MESCOM, CESC and GESCOM stated that they are considering the amount put to tender as total cost of Material Cost + Total Labour Charges + GST on Labour + Contribution of ESI & EPF for comparison of tender premium.

CEE, T&P, KPTCL stated that they are considering amount put to tender as total cost of Material Cost + Erection + Testing & Commissioning charges + Civil Engineering Charges for comparison of tender premium.

After the detailed discussion & deliberations it was unanimously opined by the committee that all the parameters in the Abstract for preparation of estimates for Partial Turnkey/Total Turnkey works i.e., Total Cost of the Estimates shall be considered as Amount put to tender.

Finally the following details are agreed by all the members of the committee for arriving amount put to tender.

Abstract for preparation of Estimates for Partial Turn Key/TOTAL TURNKEY		
Sl. No.	Particulars	Amount in Rs.
	<b>(A): Materials &amp; Labourt Costs (1+4)</b>	
1	Materials Cost	
2	Labour charges	
3	Special Locality Allowance @ --% on labour charges on Sl. No. 2 above	
4	<b>Total Labour Charges (2+3)</b>	
	<b>(B): Overhead Charges (5 to16)</b>	
5	GST @ 18 % on Total labour charges	
6	Contribution towards employees provident fund charge @ 12% & ESI @ 3.25% (wherever applicable) on Total labour charges (4)	
7	GST @ 18% ON EPF & ESI contribution (6)	
8	Transportation cost from stores to site @ 2% on material cost (1)	
9	Contingencies @ 3% on material (1) + total labour cost (4)	
10	Building Cess @ 1% on material (1) + total labour cost (4)	
11	Watch and ward cost @ 1% on material cost (1)	
12	Insurance cost against theft & accident @ 1% on material cost (1)	
13	Performance guarantee and loss of interest on margin money for BG @ 2.5% of the value of BG i.e, 2.5% of (5% on 1+5+6)	
14	ESCOM Establishment cost @ 20% on labour charges as applicable	
15	Statutory charges as per actual (Inspectorate charges, civic body charges etc.,)	
16	Compensation cost for tree cutting etc., as per approved norms	
17	<b>(C): Total Cost of Estimate in Rs. (amount put to tender) = (A+B)</b>	

## **Contractors Profit:**

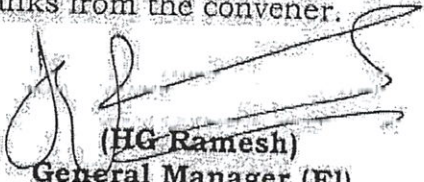
MD, BESCO stated that the present rates of the materials in Common SR 2021-22 are profitable to contractors as compared to market rates. As such adding 10% contractors profit would burden ESCOMs and push the companies to losses.

All the committee members unanimously agreed not to allow any percentage of Contractors profit to be included as PWD is considering.

Further MD BESCO and Chairman of the committee directed to submit a proposal to Finance Department, GoK, regarding the committee decision to adopt the procedure in future tenders of amount put to tenders

The meeting concluded at 6:00 PM with vote of thanks from the convener.

**Approved by MD, BESCO**

  
(HG Ramesh)  
General Manager (E1)  
QS&S, BESCO and  
Convener of SR Committee

### **Copies:**

1. CEE, T&P, Kaveri Bhavan, KPTCL.
2. CGM, Projects, Corporate Office, BESCO
3. GM, Procurement, Corporate Office BESCO.
4. PS to MD, Corporate Office, BESCO to place before Managing Director, BESCO for kind information.
5. PS to DTs of All ESCOMS to place before Director Technical, BESCO/MESCO/CESC/GESCO/HESCO for kind information
6. PS to DF, Corporate Office, BESCO to place before Director Finance for kind information
7. M/F