



ABSTRACT

Rural Development and Panchayat Raj Department - Supply of Steel rods to Rural Development and Panchayat Raj Department for the year 2021-22 – Finalization of Rate contracts - orders issued.

Rural Development and Panchayat Raj (SGS-3) Department

G.O.(D) No. 12

Dated 03.02.2022

பிலவ - தை 21
திருவள்ளூர் ஆண்டு- 2053

Read:

From the Director of Rural Development and Panchayat Raj
Letter No.41303/2021/TU3, dated 2.2.2022.

ORDER:

In the letter read above, the Director of Rural Development and Panchayat Raj has sent the proposal for the purchase of Reinforcement Steel for the development works taken up under various State and Central Government schemes. Since Steel is a critical input material for the construction activities, the department facilitates centralized procurement at the District Level. The objective is to ensure uniformity in standards and quality. Further, the bulk purchase enables better price discovery. The tender conditions ensure that only reputed and established steel manufacturers are selected. The annual rate contract also insulates the projects from cost escalation especially the beneficiary oriented schemes like Pradhan Mantri Awaas Yojana - Gramin PMAY(G) and individual assets under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). Considering, these multiple benefits, annual rate contract is finalized for purchase of steel by the District Collectors.

2. Accordingly, the districts were instructed, to assess the requirement of steel for the ongoing works and works that are proposed to be taken up during 2021-22. A model tender document was communicated for adoption as a template for suitable modification and adoption at district level. A common tender notice was published by the Director of Rural Development and Panchayat Raj for 28 districts with the date of opening of tender on 11.11.2021 and in case of 9 districts (under

Model Code of Conduct due to Rural Local Body Elections) on 23.12.2021. Due to monsoon and other factors, the last dates for submission of bids were extended by the districts to ensure better competition. The tenders were opened on 23.12.2021 or after that date by the districts. However, even after a lapse of more than a month, none of the districts have finalized the steel tenders.

Status of Tender

- The following firms have participated in the steel tender across the state.

Sl.No.	Firms	Rates Quoted in Rs. Per MT (incl. GST)	Market Rates in Rs. per MT (incl. GST)
1	M/s. Kannappan Iron and Steel Company Pvt. Ltd.,	79,777 to 79,957	71,000 to 75,000
2	Shri Amman Steel and Allied Industries (P) Ltd.	79,500 to 79,600	62,000 to 72,100
3	M/s. Arun Vyapar Udyog Pvt. Ltd., Chennai.	79,795.60 to 80,000	68,500 to 74,000
4	Sakthi Ferro Alloys Inida, Pvt Ltd	77,000	73,000
5	Emjay Steels Udyog Pvt Ltd	78,000 to 79,000	73,000
6	Pulkit Metals Pvt.Ltd.,	79,827	65,000 to 69,000
7	M/s JBA Metal Company, Tiruvannamalai.	79,700 to 79,990	65,600 to 70,350
8	M/s. Agarwal Foundries Private Limited, Secunderabad.	81,000 to 81,990	65,600 to 70,350

- The SoR rate of steel for the year 2021-22 is Rs. 61,065 including GST.
- Out of 37 districts, 29 districts are still in Negotiation with the bidders.
- The negotiated rate in the above 29 districts is between Rs.77,200 – Rs.79,999.28 per MT including GST.
- 4 districts have gone for re-tender after technical bid evaluation stage. (Coimbatore, Erode, Tirupathur & Tirunelveli).
- 4 districts are processing for re-tender and are yet to publish Notice Inviting Tender (NIT) for re-tender. (Thoothukudi, Virudhunagar, Tiruvallur and Ramanathapuram).

3. The Director of Rural Development and Panchayat Raj has further stated that the market rates of other manufacturers were also collated for comparison of rates with firm that participated in the tender. The rates quoted by

the firms who participated in tender are much higher than the Public Works Department SoR rate and also the market rates. Even after several negotiations, the bidders have not agreed to reduce the rates to an acceptable level, on par or below the prevailing market rates. This is evidence of clear cartelization amongst the bidders. The delay in finalizing the Steel tenders are affecting the progress of ongoing works and new works proposed in 2021-2022.

4. Earlier steel tender was invited during 2019-20 and tenders were not invited during 2020-21. Details of the 2019-20 process are given below:

- Steel tender was floated in all districts in the month of October 2019, in which 6 firms participated. Total tendered quantity is **85,060.72** MT. In above tender, there was no response in Kanniyakumari district.

Sl.No.	Firms	Approved Rates in Rs. Per MT (incl. GST)	Market Rates in Rs. per MT (incl. GST)
1	M/s. Kannappan Iron and Steel Company Pvt. Ltd.,	53,650 to 56,100	53,250 to 53,400
2	Shri Amman Steel and Allied Industries (P) Ltd.	53,450 to 53,700	50,200 to 51,300
3	Ponneri Steel Industries.	53,500	53,300
4	Pulkit Metals Pvt.Ltd.,	53,295 to 53,700	53,250 to 54,600
5	M/s JBA Metal Company, Tiruvannamalai.	53,480 to 53,600	51,400 to 54,324
6	M/s. Agarwal Foundries Private Limited, Secunderabad.	53,200 to 53,500	53,000 to 54,794

- Approved rates are comparable with SoR rate of steel for the year 2019-20, Rs. 53,100 (including GST).

As per section 10(1) of the Tamil Nadu Transparency in Tenders Act, 1998,

“The Tender Accepting Authority shall cause an objective evaluation of the tenders taking into consideration the schedule of rates as mentioned in the tender document and the prevailing market rate for procurement and comparison of the tenders in accordance with the procedure and criteria specified in the tender document.”

5. The Director of Rural Development and Panchayat Raj has further stated that in the present scenario, it is observed that the rates offered are not in consonance with the above provisions. In this regard, a discussion was held with the Project Directors and Executive Engineers of all districts through Video Conference on 01.02.2022. The following points were raised by the districts:

- a) The major requirement of steel is for housing programmes particularly Pradhan Mantri Awaas Yojana - Gramin (PMAY-G). The alternative option is to arrange steel locally at competitive rates based on prevailing market prices for Pradhan Mantri Awaas Yojana - Gramin (PMAY-G) beneficiaries or the beneficiaries themselves can procure the steel as per given specifications. In few districts, beneficiaries are currently undertaking their own procurement of Steel for Pradhan Mantri Awaas Yojana Gramin (PMAY(G)) housing work.
- b) In case of contract works, the department may adopt turn-key process and the contractors shall arrange for steel on their own subject to standards, quality and the SoR.

6. The Director of Rural Development and Panchayat Raj has therefore requested that as the tender process could not be finalized within the given provisions of the Tamil Nadu Transparency in Tenders Act and Rules, we may annul the ongoing tender process. Further, in order to ensure availability of steel for development works, orders of the Government are sought on the following:

- 1) A District Level Committee may be set up under the District Collector including Project Director, Executive Engineer (Rural Development), Executive Engineer (Public Works Department), Municipal Engineer (Corporation / Municipalities) / Executive Engineer (Tamil Nadu Housing Board)/ Executive Engineer (Tamil Nadu Urban Habitat Development Board) for price fixation of steel within the District. The district committee may also compare the prices fixed in neighbouring districts before arriving at the price.
- 2) The Districts may be permitted to make available steel either through local purchases (at prices equal to or below the price fixed by the District Level Committee) or through direct purchase by beneficiaries. Steel so procured shall be as per required specifications.
- 3) The specification of steel required for the works is given in the annexure .
- 4) In case of contract works, the department may adopt turn-key process and the contractors shall arrange for steel on their own subject to standards and quality.
- 5) Irrespective of the methodology of arranging steel to the works, necessary quality control tests must be carried out through reputed laboratories by selecting random samples.

7. The proposal of the Director of Rural Development and Panchayat Raj has been examined by the Government carefully and the Government have decided to accept the proposal of the Director of Rural Development and Panchayat Raj and order the following:

- 1) A District Level Committee is set up under the District Collector including Project Director, Executive Engineer (Rural Development), Executive Engineer (Public Works Department), Municipal Engineer (Corporation / Municipalities) / Executive Engineer (Tamil Nadu Housing Board)/ Executive Engineer (Tamil Nadu Urban Habitat Development Board) for price fixation of Steel within the District. The district purchase committee to check and compare the prices of Steel in neighbouring districts before arriving at the price of Steel for the district.
- 2) The Districts are permitted to make available steel either through local purchases (at prices equal to or below the price fixed by the District Level Committee) or through direct purchase by beneficiaries. The Steel so procured shall be as per required specifications.
- 3) The specification of Steel required for the works is annexed to this order.
- 4) In case of contract works, turn-key process shall be adopted and the contractors shall arrange for Steel on their own subject to standards and quality.
- 5) Irrespective of the methodology of arranging Steel to the works, necessary quality control tests must be carried out through reputed laboratories by selecting random samples.

(BY ORDER OF THE GOVERNOR)

P. AMUDHA
PRINCIPAL SECRETARY TO GOVERNMENT

To

The Director of Rural Development and Panchayat Raj, Chennai-15.

All District Collectors. (except Chennai)

All Project Directors, District Rural Development Agencies

(Thro' Director of Rural Development & Panchayat Raj,
Chennai-15)

Copy to:

The Senior Principal Private Secretary to the Principal Secretary to Government, Rural Development and Panchayat Raj Department, Secretariat, Chennai-9.

//Forwarded by order//


3/2/2022
Section Officer
288

ANNEXURE**G.O.(D) No. 12, RURAL DEVELOPMENT AND PANCHAYAT RAJ (SGS-III)
DEPARTMENT, DATED : 03.02.2022****QUALITY AND SPECIFICATION OF THE STEEL BARS****a) Quality of Steel Bars**

1. Each consignment of Steel shall be supported with BIS Certificate with ISI mark conforming to IS 1786-2008 Fourth Revision.
2. Test certificates from Structural Engineering Research Centre / Regional Testing Laboratory of Government of Tamil Nadu / Regional Testing Centres of Government of India / Any Other Government Authorized Laboratory giving the results of each mechanical or chemical test applicable to samples taken from materials delivered along with each consignment procured.
3. Permanent distinguishing Mark shall be given at regular spacing throughout the length of the bar to indicate the grade of the bar.
4. Each bundle or coil containing the bars may also be suitably marked with ISI certification mark in which case the concerned test certificate shall also bear the ISI mark.

b) Specifications: (Relevant test certificate to be furnished by the supplier for specification given below):

The type of Steel permissible for adoption is

- Fe 415.
- Fe 500
- Fe 500D

Chemical Composition (Ladle Analysis): -

As per IS 1786-2008 Fourth Revision for Fe 415, Fe 500 and Fe 500D:

Constituents	Max. Percentage			Maximum % Variations Over specified limit
	Fe 415	Fe 500	Fe 500D	
Carbon	0.30	0.30	0.25	0.02

Sulphur	0.06	0.055	0.040	0.005
Phosphorus	0.06	0.055	0.040	0.005
Sulphur and Phosphorus	0.11	0.105	0.075	0.010

Mass as per IS 1786-2008 Fourth Revision

Nominal size (mm)	Weight per Running Metre (Kg/m)
8 HSD STEEL BARS	0.395
10 HSD STEEL BARS	0.617
12 HSD STEEL BARS	0.888
16 HSD STEEL BARS	1.580
20 HSD STEEL BARS	2.470
25 HSD STEEL BARS	3.850
32 HSD STEEL BARS	6.310

Tolerance on the Nominal Mass per metre

Nominal size(mm)	TOLERANCE ON THE NOMINAL MASS, PERCENT		
	Batch*	Individual Sample*	Individual sample for coils only*
Upto and including 10	± 7	- 8	± 8
Over 10 and upto and including 16	± 5	- 6	± 6
Over 16	± 3	- 4	± 4

*As defined in IS 1786-2008 Fourth Revision

Mechanical Properties

Sl. No.	Property	Fe 415	Fe 500	Fe 500D
1	0.2 percent proof stress/ yield stress, min. N/mm ²	415	500	500
2	Elongation, percent, Min. on gauge length $5.65\sqrt{A}$, where A is the cross- sectional area of the test piece	14.5	12.0	16.0
3	Tensile Strength Min.	10 percent more than the actual 0.2 percent proof stress / yield stress but not less than 485.0 N/mm ²	8 percent more than the actual 0.2 percent proof stress / yield stress but not less than 545.0 N/mm ²	10 percent more than the actual 0.2 percent proof stress / yield stress but not less than 565.0 N/mm ²
4	Total Elongation at maximum force percent Min. on gauge length $5.65\sqrt{A}$, where A is the cross-sectional area of the test piece	-	-	5

Frequency for Nominal Mass, Tensile, Bend and Rebend Tests

For checking nominal mass, tensile strength, bend test and rebend test, test specimen of sufficient length shall be cut from each size of the finished bar / wire at random at a frequency not less than that specified in the table below:

Nominal Size	Quantity	
	For casts / heats below 100 tonnes	For casts / heats over 100 tonnes
For all sizes	2 per cast	3 per cast

P.AMUDHA
PRINCIPAL SECRETARY TO GOVERNMENT

// True Copy //

[Signature]
SECTION OFFICER 3/2/2022
21/2/2022