

### Minutes of the Eighth Meeting of the Finance Committee

Date and time: 2<sup>nd</sup> August 2018, 11.00 Hours  
Venue: Board Room, IIT Hyderabad  
KANDI 502 285, Sanga Reddy District.

Present:

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| Shri BVR Mohan Reddy     | Chairman  |
| Dr S S Sandhu            | Additional Secretary, MHRD (Attended through Audio Conference)          |
| Prof UB Desai            | Director, IITH  |
| Dr Sireesh Saride        | Dean (Planning), IITH   |
| Dr Sumohana Channappayya | Dean (R&D), IITH  |
| Shri V. Venkat Rao       | Acting Registrar (Representing Shri N Jayaram, Registrar and Secretary) |

Leave of absence was granted to Financial Adviser, MHRD.

At the outset, the Director, IITH welcomed the Chairman and Members of the Finance Committee to its 8<sup>th</sup> Meeting.

The Director briefed the Committee about the salient details of the work for which the Technical Sanction and Approval of Tender Documents for Campus Development Works at IIT Hyderabad (Package 3A), was requested.

The Director informed the Committee that the Institute followed the prescribed rules and regulations of the Government of India, while preparing the Pre-Qualification (PQ) Document, Detailed Estimate for Technical Sanction and the Tender Documents.

The Director further informed the Committee that he along with Dr.Sireesh Saride, Dean(Planning) and Shri Ravindra Babu, Superintending Engineer visited the office of Mrs. Darshana M Dabral, Joint Secretary & Financial Advisor (JS & FA), MHRD on 23<sup>rd</sup> July 2018 and had detailed deliberations for about one and half hour regarding the Pre-Qualification of the Contractors and the Draft Tender Documents. During the meeting, the Director informed Mrs. Dabral, JS & FA that JICA had approved the PQ of the Contractors for Packages 3A and 3B.

The Director, IITH informed the Committee that the Institute had received comments from the office of Addl. Secretary, MHRD and also from the office of JS & FA. The comments from the office of Addl. Secretary, MHRD and also from the office of JS & FA were discussed in detail by the Finance Committee. The outcome of the deliberations is elucidated below under Agenda Item 3.

**Agenda Item No.1:** The Minutes of Seventh Meeting of the Finance Committee was approved as circulated.

**Agenda Item No.2:** The report of action taken on the minutes of the Seventh Meeting of the Finance Committee was approved.

**Agenda Item No.3: Construction of Permanent Campus; Technical Sanction and Approval of Tender Documents for Campus Development Works at IIT Hyderabad, Package 3A.**

The observations made by MHRD, vide Letter No.F.No.11-9/2018-T.S.1 dated 31<sup>st</sup> July 2018, from Shri Kundan Nath, Under Secretary, MHRD were discussed and the response of the Finance Committee, IIT Hyderabad is as follows :-

| S.No. | MHRD Observations  | Response of the Finance Committee, IITH   |
|-------|--|---|
| 1.    | Item No. 1 & 2 may be confirmed                                | IITH confirms the Item No. 1 & 2.   |
| 2.    | Item No. 3: Support to IITs                                    | IITH will undertake construction as per approved DPR and within the approved capital cost.  |
|       | Item No. 3: IIT Hyderabad JICA Collaboration Project           | Construction work under JICA will be carried out as per the Loan Agreement signed by Government of India and Government of Japan. IITH will send the proposal with unspent balance shortly.   |
|       | Item No. 3: SIIHEI (Establishment of Technology Research Park) | IITH assures that the broad guidelines for funding of Infra Projects, issued vide MHRD letter dated 16.07.2018 will be followed.<br><br>IITH has received Rs. 5.00 crore, vide MHRD Sanction Order No. F.No.27-6/2017-TS.I dated 27.12.2017.<br><br><i>Current Status:</i> Construction of Technology Research Park is part of Package 3A mentioned in Agenda Item No. 3. |

Further, the observations made by the office of JS & FA, vide letter No. 1-II/2011-IFD dated 31.07.2018 received from Shri Arun Kumar, Under Secretary (Finance) were discussed. The response of the Finance Committee, IIT Hyderabad is as follows:-

| S.No. | MHRD (F) Observations  | Response of the Finance Committee, IITH  |
|-------|--|--|
| 1     | Item No. 1 may be confirmed  | Finance committee of IITH confirms the Minutes of Seventh Finance Committee Meeting.   |
| 2.    | Item No. 2 may be noted  | Finance committee of IITH noted the action taken items.  |
| 3.    | <p><b>(i) Turnover</b><br/>While seeing the Pre-Qualification criteria in Para 3.2 of Section - III (Qualification Criteria and Requirements) of the bid, it is observed that Minimum Average Annual Turnover asked from the bidders is Rs 700 Cr. As the total cost of the work is 700 Cr. and the timeline for the work to be completed is 3 years. The approximate work executed in a year will be about 233 Cr. while the turnover asked is 700 Cr per year (i.e. 3500 Cr in 5 years).</p> | <p>The Project is funded by Japan International Cooperation Agency (JICA). <b>Section 1 of Schedule 4 of the Loan Agreement</b> between Government of India and Government of Japan [Attached as Annexure 1] prescribes that the Procurement of all goods and services shall be in accordance with the <b>Guidelines for Procurement Under Japanese ODA Loans dated April 2012</b>. For procurement of Works and Services, JICA has published Standard Documents for Request for Proposals (RFP) for Prequalification of Contractors and Standard Bidding Documents for Works. The Borrower shall adopt these Standard Documents and follow the Guidelines for Procurement.</p> <p>The Standard Condition prescribed in the Standard Pre-Qualification Document of JICA in respect of the turnover of eligible bidders is as follows:</p> <p><i>“Minimum average annual construction turnover of USD [insert amount in USD], calculated as total certified payments received for contracts in progress and/ or completed, within the last [insert number] years, divided by [insert number] years.”</i></p> <p>The required document, viz. various entities where it says (insert .....), has to be filled in by the borrower, as per JICA Guidelines.</p> <p>To fill-in the required data, CPWD Works Manual 2014 has been adopted as a Reference Standard for fixing the eligibility conditions.</p> <p>Accordingly, provisions contained in <b>CPWD Works Manual 2014, Appendix-20 'Guidelines for Fixing Eligibility Criteria for two/three envelop system'</b> [Attached as Annexure 2] have been followed. As per this provision, the turnover shall be:</p> |

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|  | <p>CVC has recommended that the average annual Turnover in a civil work should be at least 30% of the estimated cost. As per the Prequalification guidelines issued by the CVC vide letter No. 12-02-1-CTE-6 dated 17/12/2002, there seems to be deviation from the CVC guidelines.</p> <p>This deviation from CVC guidelines may be brought to the notice of the FC for taking further necessary action.</p> <p>(ii) In Para 4.2 (a) also, the Specific Construction Experience asked from a single entity is not as per CVC guidelines on the subject.</p> | <p><u>“Average annual financial turn over on construction works should be at least 100% of the estimated cost during the immediate last 3 consecutive financial year”.</u></p> <p>It may be mentioned that the CVC guidelines cited in the MHRD (Finance) letter under reference are dated 17.12.2002, and they appear to be reiteration of the then existing guidelines of CPWD Manual that prescribed Annual Average Turnover to be at least 30%.</p> <p>Vide circular No. DG/MAN/306 dated 16.05.2014 (copy attached at Annexure-3), the CPWD has enhanced the minimum turnover requirement from 30% to 100% of the estimated cost. Accordingly, the provision has been made in CPWD Works Manual 2014.</p> <p>As explained above regarding adoption of Standard RFP of JICA, the provision pertaining to construction experience is as follows:<br/> <i>“A minimum number of [insert number of contracts] similar contracts that have been satisfactorily and substantially completed as a prime contractor (single entity or JV member) between 1st January [insert year] and Application submission deadline.”</i></p> <p>In this case also to fill-in the data, CPWD Works Manual 2014 has been adopted as Reference Standard.</p> <p>CPWD guidelines require completion of projects worth: (Annexure 2)</p> <ul style="list-style-type: none"> <li>(i) Three similar completed works costing not less than 40% of the estimated cost put to tender. OR</li> <li>(ii) Two similar completed works costing not less than 60% of the estimated cost put to tender. OR</li> <li>(iii) One similar completed work costing not less than 80% of the estimated cost put to tender.</li> </ul> |
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|  | <p style="text-align: center;"><b>Publicity of Pre-Qualification Notice</b></p> <p>As intimated by the Institute, the publicity for this work was not done on the CPP Portal. These conditions seem to be limiting the competition. This can be seen from the fact that only two bids received for the 700 Cr work.</p> | <p>At the time of drafting the pre-qualification document, it was envisaged that the estimated cost would be around 750 to 800 crore and accordingly the eligibility criteria were fixed. The Conditions of the Pre-Qualification are in line with the provisions stipulated in CPWD Works Manual 2014.</p> <p><b>Publicity of Pre-Qualification Notice:</b> Section 3.01 of <i>Handbook of Procurement under Japanese ODA Loans</i> prescribes that the publicity shall be through an advertisement in at least one newspaper in the Borrower's country. Extract of the Handbook is placed at Annexure 4.</p> <p>Further, Section 17 of the CPWD Works Manual 2014 also recommends to advertise the tender notices in Press and on website. The Institute had advertised the Prequalification notice in Press as well as in the Institute Website. The same advertisement was also sent to JICA for international publicity as per JICA guidelines.</p> <p>Keeping in view the comments from MHRD, the Finance Committee recommends that hereinafter the tenders for procurement of works, may also be uploaded on CPPP.</p> <p>In view of the above stated facts, the Finance Committee is of the view that the Institute has not violated any of the GOI provisions. The Institute has also satisfied the JICA Guidelines and thus has successfully established and followed the bidding practices.</p> |
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The Finance Committee noted the Detailed Estimates for Technical Sanction and the Current Status of the Funds with IITH. These are as follows :-

The Detailed estimate for Technical Sanction is working out to Rs.811,41,88,732/- including 3% contingencies. Out of this - -

- 1) JICA (yen) Loan Component is Rs.618.39 Cr.
  - 2) MHRD Funding under Revised DPR 2017 is Rs.135.27 Cr.
  - 3) MHRD Funding for TRP Building is Rs.57.76 Cr.
- (i) For the financial year 2018-19 from JICA Loan, IITH has a total of Rs.158.97 Cr., the break-up of which is as follows :-
- (a) Rs.83.97 Cr. Of unspent balance, and
  - (b) Rs.75.00 Cr. sanctioned by MHRD.

In this financial year, the Institute needs 10% of Mobilization Advance and 5% for first works bill out of JICA (yen) Loan Component of Rs.618.39 Cr. – which comes to Rs.92.76 Cr. This amount will be covered under Rs.158.97 Cr. mentioned above.

- (ii) Under HEFA, for the financial year 2018-19, the Project is approved for Rs.510.55 Cr. and a Term Loan of Rs.275.00 Cr. has been sanctioned by MHRD. For FY 2018-19, the Institute needs 10% of Mobilization Advance and 5% for first works bill out of Rs.135.27 Cr., which works out to Rs.20.30 Cr. This Rs.20.30 Cr. will be covered from Rs.275.00 Cr. of Sanctioned Term Loan via HEFA.
- (iii) For Technology Research Park : In this financial year 2018-19, the Institute needs 10% of Mobilization Advance and 5% for first works bill which comes to Rs.5.80 Cr. This will partially come from the Rs.5.00 Cr. already released to IITH and the remaining from the next release for Technology Research Park from MHRD. IITH will send a request for additional funds based on the letter No. F.No.27-6/2017-TS-I dated 13th July, 2018, from MHRD.

With the above observations, the Finance Committee approved the following:-

- Technical Sanction of the Detailed Estimate,
- Inclusion of the TRP building in the Current Tender
- The Tender Documents.

The Meeting ended with thanks to the Chair.

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