

A Study on Risk Assessment in Construction Tendering Methods

T.Subramani¹, S.Priyanka²

¹Professor & Dean, Department of Civil Engineering, VMKV Engineering College, Vinayaka Missions Research Foundation (Deemed to be University), Salem, India

²UG Student, , Department of Civil Engineering, VMKV Engineering College, Vinayaka Missions Research Foundation (Deemed to be University), Salem, India

Abstract

A bid or proposal, convey the interest of a particular invited tender called as Tendering. Suppliers or contractors will look for a business to particular project. Such as Goods supply, Electrical works and Transportation etc., they select an offer and satisfy their needs with minimum cost estimation and better quality of goods or service. Risk valuation is the progression of risk identification, classification of risk and estimate the outcome of risk analysis and recommendations for risk avoidance or rectification based on survey. This study discuss about Phases of tendering, proceedings and its limitations. Also to finds the causes of risk on the period of ordering process.

Keywords: Study, Risk Assessment, Construction and tendering methods.

1. INTRODUCTION

Structure bidding remains the technique of filing a proposal (tender) to adopt or manage the project of a construction development. The technique begins with a value approximation from blueprints and offs. The tender is controlled by way of a suggestion to do the work for a positive amount of cash (company charge), or a certain amount of income (fee compensation or fee plus).Tendering procedure underneath construction is a process of submitting a proposal to adopt authorities construction projects. Bidding near tender might also observe the completion of a pre-qualification questionnaire (PQQ) in reaction to an advert published through the consumer and possibly a pre- tender interview.

An invitation to tender might include:

- A call for participation to tender.
- The form of tender.
- Preliminaries (including pre-production information and location waste control plan).
- A tender pricing file (or contract sum evaluation on layout and construct initiatives).
- A drawing schedule.
- Specifications.

These are the simple moralities of tendering process,

- Entire features of the tendering method should be carried out with clearly on total stages of the industry.
- A clear expertise of the privileges also responsibilities of each event.
- Parties must clearly identify ownership.
- Events must no longer post tenders without a firm goal.
- Parties must no longer have interaction in any exercise which gives flawed advantage.
- Clients should absolutely specify their requirements inside the tender report and mean criteria for evaluation.
- Customers must in reality specify their requirements inside the soft file and indicate criteria for evaluation.
- All the facts supplied in the course of tendering ought to be protect.

2. METHODOLOGY

Figure 1 shows the methodology of the study.

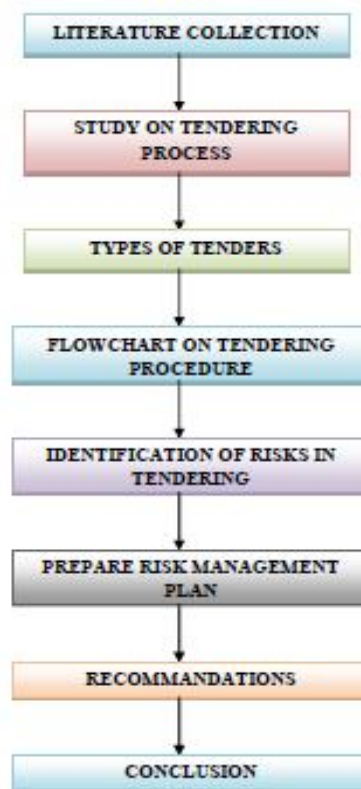


Figure 1 Methodology

3. TENDERING PROCESS

- Government departments, offices,
- Private division corporations and industries
- Non-Government Societies
- External markets and industries.

3.1 Government Tendering

The Indian authorities, along with kingdom and nearby governments, their companies and departments, buy many items and services from the private area and offer a substantial marketplace opportunity for organizations.

3.2 Private Sector Tendering

The private area is attracted to tendering to understand benefits which includes; maximizing opposition, supplying an opportunity for a miles large pool of suppliers to make an offer, in addition to having an extra choice in choosing a supplier that gives price for money.

3.3 Overseas tendering

Tendering for foreign places contracts may be attractive for groups, however, may well show difficult due to the wide variety of problems worried in the manner. it is crucial too, consequently, technique overseas tenders with caution and expand an understanding of capacity difficulties in areas consisting of; verbal exchange, differing jurisdiction/legal issues, international markets.

3.4 Types of Construction Tenders

- Open- Tendering
- Selective Tendering
- Negotiation Tendering
- Term Tendering

- Serial Tendering

Figure 2 shows the flowchart of tendering process.

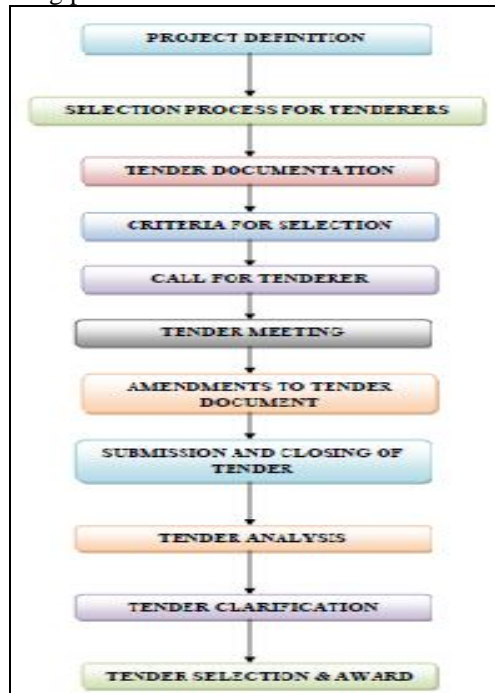


Figure 2 Flowchart for Tendering Procedure

4. TENDERING RISKS

Threat control is vital while tendering for construction contracts. During the extraordinary phases of a task, innovative risks will arise in the course of the contract.

4.1 Types of risk

- Cost Risks
- Liability Risks
- Owners' Risks
- Bid Calculation
- Provide Document

4.2 Bid calculation

Estimating is the technique of working out probably fees and bidding is the procedure of changing an estimate into a tender price. The critical function of most public sale bidding is that the real value of the desired acquisition is unsure or unknown; the conduct of the bidder frequently being strongly prompted via the moves of competitors. Figure 3 shows the flowchart for stages of estimation.



Figure 3 Flowchart for stages of estimation

5. RISK ASSESSMENT

Risk control is vital for all steps inside the procurement manner. High dangers in the public procurement of important initiatives can be reduced and the public procurement method is made transparent and green with a predefined pre-soft planning.

$$\text{Risk} = \text{probability of the risk occurring} \times \text{impact of the risk occurring}$$

5.1 Risk classification

Several studies have been made in mandate towards classify various risk categories to enable a design of an effective risk classification system for construction projects.

- The circumstance of a chance where its supply can be recognized and a specific probability and outcome inside the case of occurrence can be calculated.
- Unknown recognized is the condition of an uncertainty wherein a person has information of both the risk supply and its estimated opportunity however the statistics will be unknown for most concerned parties.

Figure 4 shows the flowchart of the management plan.

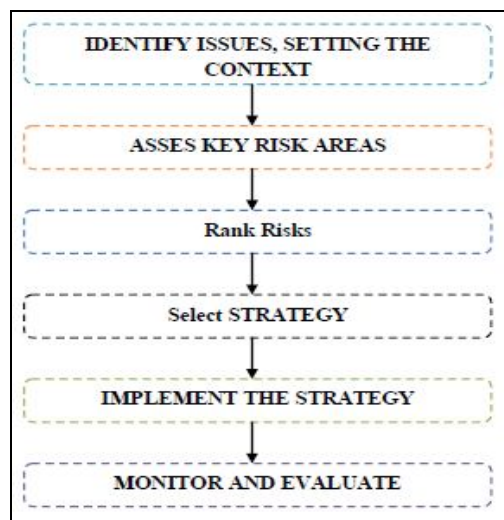


Figure 4 Flowchart of the Management Plan

6. CONCLUSION

The tendering procedure in the end determines who will adopt the development works and the system via which an honest price and exceptional cost for project the works is obtained. The threat evaluation is a vital part of any challenge, and this part in becoming more essential with large projects, and hence public procurements are commonly huge and large tasks, the threat control for this task is a crucial element that might lead to terrible effects. The agency has a structured technique to perceive dangers, wherein the tendering team actively identifies risks at some stage in the complete tendering process. The mitigation actions to bridge the risk can make certain smooth implementation of the procurement and minimize the residual dangers to the minimum degree, however no longer all of the risks may be eliminated as still some residual risks want to be monitored to eliminate the risks.

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AUTHOR



Prof. Dr. T. Subramani Working as Professor and Dean of Civil Engineering in Vinayaka Missions Kirupananda Variyar Engineering College, Vinayaka Missions Research Foundation (Deemed to be University), Salem, Tamilnadu, India. Having more than 28 years of Teaching experience in Various Engineering Colleges. He is serving as reviewer for many International Journals and also published 250 papers in International Journals. He has presented more than 107 papers in conferences, especially 77 in International and 30 National Level. He has authored 07 books. Guided more than 259 students in PG projects. Currently he is guiding 03 Ph.D., Research Scholars. He is serving as examiner and Valuer for B.E & M.E Degree Theory and Practical

Examinations for Madras University, Periyar University, Anna University, Annamalai University and Vinayaka Missions Research Foundation [Deemed to be University]. He is Question paper setter and Valuer for UG and PG Courses of Civil Engineering in number of Universities. He is serving as Chairman of Board Of Studies (Civil Engineering), Vinayaka Missions Research Foundation [Deemed to be University], also a member of Board of studies in Periyar University. He is Life Fellow in Institution of Engineers (India) and Institution of Valuers. Life member in number of Technical Societies and Educational bodies like MISTE, MIGS, MIRC,ISRMTT, UWA, Salem District Small and Tiny Association (SADISSTIA), SPC – Salem Productivity Council. He has delivered much technical talk in various field. He is a Chartered Civil Engineer and Approved Valuer for many banks. He is a Licensed Building Surveyor in Salem City Municipal Corporation-Salem, and Licensed Civil Engineer in Salem Local Planning Authority- Salem. He is the recipient of many prestigious awards.



S.Priyanka is pursuing B.E. Degree in the branch of Civil Engineering in Vinayaka Missions Kirupananda Variyar Engineering College, Vinayaka Missions Research Foundation (Deemed to be University), Salem, Tamilnadu, India. She published 30 papers in International Journals. She has presented more than 13 papers in conferences, especially 8 in International and 5 National Level. She has well knowledge in AUTOCAD drawing and STAAD Pro