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நிதி அமைச்சு
MINISTRY OF FINANCE

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මගේ අංකය }
எனது இல. } PFD/PMD/Cir/Reg.contracts
My No. }
මගේ අංකය }
உமது இல. }
Your No. }

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திகதி } 08.05.2019
Date }

Public Finance Circular No: 04/2016(ii)

All Secretaries to Ministries
Chief Secretaries of the Provincial Councils
Heads of Departments and District Secretaries
Heads of Local Government Authorities
Government Corporations, Statutory Boards
Chairman of Government Owned Companies

Procurement of Works up to Rs.50 Million from Regional Contractors under Domestic Funds

Your kind attention is drawn to the Public Finance Circular No.04/2016(i) dated 30.09.2016 on the caption "Procurement of Works up to 50 Mn. from Regional Contractors under Domestic Funds".

02. The intention of issuing the above circular was to promote the regional contractors to participate in small and medium scale constructions and renovation works of the government contract of respective region. Since the implantation of the above Circular instructions it has been revealed that a sufficient number of contractors with required CIDA grading is not available within the region resulting in low competition, high prices, low quality, and comparatively longer time taken to complete construction due to capacity limitations.

Notwithstanding the said circular instructions, there are instances where no contractor was found within the region or there are contractors, who do not possess required CIDA grade to match with the contract value as mentioned in the said Circular.

03. In order to overcome aforementioned issues it has been decided to amend the above circular as follows:

- 3.1 To withdraw the provision made under para 03 to limit the invitation of bids for construction contracts of small scale with a value upto Rs.50 Mn. within regional contractors.

- 3.2 Instead, irrespective of region, to call open bids and to grant a 5% preference (regional preference) for the regional contractors whose bids have become as responsive bids.
- 3.3 In order to promote fair competition among the regional contractors, previously specified CIDA grade for respective financial threshold are changed as follows:

Total Cost Estimate	CIDA grade	
	Existing	Amended
Below or equal to Rs.2,000,000.00	C9	C9 and C8
Above Rs.2,000,000.00 and below or equal to 5,000,000.00	C8	C8 and C7
Above Rs.5,000,000.00 and below or equal to 10,000,000.00	C7	C7 and C6
Above Rs.10,000,000.00 and below or equal to 25,000,000.00	C6 and C5	C6 and C5
Above Rs.25,000,000.00 and below or equal to 50,000,000.00	C5 and C4	C5 and C4

04. When bids are invited (Invitation for bids) you may insert the method of procurement as follows.

“Bidding will be conducted through National Competitive Bidding (NCB). Since the Total Cost Estimate of this procurement is below Rs.50 Mn., regional preference and CIDA grade preference shall apply as stipulated in Public Finance Circular No. 04/2016 (ii)”.

05. Therefore, you are requested to grant preferences outlined in Para 3.2 and 3.3 according to the Public Finance Circular No.04/2016(ii).

06. Any clarification on issues relating to this circular may be obtained from the Director General of Department of Public Finance on Tel. 011-2484614.



R.H.S. Samaratunga
Secretary to the Treasury