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GOVERNMENT OF TAMILNADU
ABSTRACT

Public Works Department - Buildings - Demands made by Builder Association of India - In respect of work contracts - Orders - Issued.

PUBLIC WORKS (G2) DEPARTMENT

Dated 21.5.99

Read:

1. The Builders Association of India representation dated 15.9.97.
2. From the Chief Engineer (Buildings) Lr.No. CTO/A/70116/97 dated 16.3.98 and 16.11.98.

ORDERS:-

The Builders Association of India in their representation first read above have given a Memorandum to the Government, in which they have made certain demands and requested orders of Government on the same.

2. The Government after careful examination of the demands made by the Builders Association of India, pass the following orders:

Demand of Builders Association of India.	Orders of the Government.
1. Reintroduction of bank guarantee in lieu of Security Deposit and Earnest Money Deposit.	Irrevocable Bank Guarantee shall be accepted towards Security Deposit Retention Money only.
2. Defect liability period should be reduced to six months from the date of completion and all the deposits returned beyond that.	The Shrinkage period shall be reduced to one year. The Indemnity Bond shall be obtained for 4 years thereafter.
3. Escalation clause may be provided in the tender contract	Orders have been issued in G.O.No. 222 P.W. dated 5.4.99 to provide price adjustment clause for all contracts with the contract period above 18 months.
4. The practice to introduce transparency in preparing schedule of rates by taking the contractors also into confidence and inviting their representatives before finalising such schedule of rates.	The present practice shall be allowed to continue.

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5. The following procedures may be adopted for the refund of deposits:

- a) The Earnest Money Deposit of unsuccessful bidders should be returned after the award of work to the successful bidder.
- b) The Security Deposit and withheld amount should be got ready at the end of the defect liability period without waiting for an application from the contractor.
- c) Any defect should be brought to the notice of the Contractor immediately in writing and if such a letter is not written by the department within the defect liability period, the refund should be made immediately.

The Earnest Money Deposit shall be taken preferably in the savings scripts/I.V.P./similar parts and they shall be refunded to the unsuccessful bidders within 15 days. In the case of Demand Draft the Earnest Money Deposit shall be refunded within a certain period. The Demand Draft shall not be credited into the Government account and it is exempted from the Letter of Credit system. If the Earnest Money Deposit is obtained in cash it shall be credited into the Government account and refunded to the unsuccessful bidders within 2 months period by following letter of credit system only.

3. The Chief Engineer (Buildings) is requested to send necessary proposals to Government to amend the Code/Rules wherever necessary.

4. This order issues with concurrence of Finance Department vide its U.O.No.33116/PWI/99-1/Dated: 20.5.99.

/By order of the Governor/

N.P.Gupta,
Secretary to Government.

To
The Builders Association of India, Chennai-55.
The Chief Engineer (Buildings) Chennai-5.
All Chief Engineer, P.W.D.

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Office of the Chief Engineer, P.W.D. WRO. Madurai Region, Madurai-2.

Undt. No. TS/SGDO/I/O.6479/96/Dt.4.6.99.

Copy communicated to all Superintending Engineers and Executive Engineers of this region for necessary action.

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S/copy to AD for stock file.

for Chief Engineer, PWD/WRO, Madurai Region, Madurai-2.

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Copy all 225 of this circle copy to all D.B Members. for n/a.

Signature

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