

GOVERNMENT OF TAMIL NADU

Public Works Department

Abstract

Public works Department-Buildings-Contracts-Payment to contractors - Retention of 2½ per cent for two years and obtaining indemnity bond for a further period of three years - Indemnity bond – Prescribed-Orders Issued.

G.O. Ms. No. 654

dated 15th April 1988

Read Again: (1) G.O. Ms. No. 1465, Public Works, dated 22nd July 1982.
(2) Government Lr.No.66662/G2/82-30 PWD, dated 29th November 1984.

Read Again: (1) C.E. (Gl.) Lr. No. C.T.O./A/135508/82, dated 11th April 1985.
(2) C.E.(Gl.) Lr. No. C.T.O./A/135508/84, dated 31st December 1984.
(3) Sr.Dy.C.E.(Gl) D.O. Lr. No. C.T.O./A/135508/82, dated 6th June
(4) C.E.(Gl.) Lr. No. C.T.O./A/135508/82, dated 6th March 1985.
(6) Sr.Dy. C.E.(Gl.) Lr. No. C.T.O./A/135508/82, dated 31st March 1986.
(7) C.E.(Gl.) Lr. No. C.T.O./A/135508/82, dated 3rd July 1986.
(8) C.E.(B) Lr. No. C.T.O./A/135508/82, dated 17th December 1986
(9) C.E.(Gl.) Lr. No. C.T.O./A/135508/84, dated 2nd March 1987
(10) C.E.(B) Lr. No.(DO) C.T.O./A/135508/82, dated 22nd June 1987.
(11) Additional Government Pleader (CS) High Court, Madras Lr. No. OPN 25/84 TN V, dated 18th September 1987.

Order:

The Government earlier examined the question of insisting upon a guarantee from the contractors undertaking Government works to the effect that the works carried out by them should be structurally sound for period of five to ten years and ordered in the G.O. read above that-

(1) 2½ per cent of the total value of the works should be retained for a period of two years from the date of completion of works in order to enable the departmental officers to watch the effect of all seasons on the work.

(2) and an Indemnity Bond for a further period of three years should be obtained from the contractors

2. Subsequently in the Government letter No.66662/G2/82-30 Public works. Dated 29-11-1984 the Chief Engineer (General) has been requested *interalia* that the Indemnity Bond may be drafted in consultation with the Government Pleader and sent to Government for approval.

3. Accordingly. the Chief Engineer (General) has furnished to the Government the draft Indemnity Bond and finalised by him in consultation with the Government Pleader, High Court, Madras. While the finalisation of the Indemnity Bond was under the examination of the Government, the Chief Engineer (General)) has felt that the delay in finalisation of the draft Indemnity Bond will lead to the possibility of facing litigation against the Government for breach of contract. The Chief Engineer (Gl.) has therefore issued instructions in his circular, dated 17th December 1986 to all the Superintending Engineers to adopt the draft Indemnity Bond sent to the Government earlier by him in anticipation of the approval of the Government.

4. The Chief Engineer (Gl.) has therefore requested the approval of the above draft Indemnity Bond and for ratification of his action for having issued the above instructions.

5. The Government after careful examination accept the proposals of the Chief Engineer (General) and accordingly direct that the form of Indemnity Bond annexed to this order be adopted while obtaining the Indemnity Bond for a further period of three years from the contractors as per the orders issued in G.O.Ms.No.1465. Public Works dated 22nd July 1982.

6. The Government also ratify the action of Chief Engineer (General) in having instructed all the Superintending Engineers in his circular, dated 17th December 1986 to adopt the form of draft Indemnity Bond in anticipation of the approval of the Government.

7. The Chief Engineer (General) Public Works Department is requested to send proposals to the Government for issuing amendments to the Code rules with reference to this order.

8. This order issues with the concurrence of the Finance Department vide its U.O. No, 120066 PW/87-1, dated 8th October 1987.

(By Order of the Governor)

V. SANKARASUBBAIYAN,
Commissioner and Secretary to Government.

(True copy)

Copy of:

ANNEXURE
INDEMNITY BOND

This deed of indemnity executed at (place) on this day of (Month)(year) by Thiru/Tmt/Selvi (Name) Widow/Wife/Son/Daughter of Thiru residing at (Full address) (hereinafter called 'contractor' which expression shall unless excluded by or repugnant to the context include his/her heirs, executors, administrators and legal representatives) to and in favour of the Governor of Tamil Nadu (Hereinafter called 'the Government' and which expression shall unless excluded by or repugnant to context include his successors and assigns)

Whereas the contractor has submitted the tender for (Description of work) at (Place of work or supply) and such tender has been accepted subject to the general conditions of contract appended to Tamil Nadu Building Practice and other conditions issued along with tender documents.

And whereas in pursuance of the terms of contract that a sum equal to 21/2 percent of the total value done, have been retained with the Government for a period of two years reckoned from the date of completion of the work in order to enable the department officers to watch the effect of all seasons on the work and the structural stability of the work executed by the contractor.

And whereas it was decided to refund the said sum equal to 2½ per cent of the total value of the work done retained with the Government on the expiry of two years period reckoned from the date of completion of work provided that the contractor executes an indemnity bond for a period of three years indemnifying the Government against any loss or expenditure incurred to rectify any defect noticed due to the faulty workmanship by the contractor or substandard material used by the contractor during the period of three years.

Now, this deed of indemnity witnesseth that in consideration of the contract entrusted to the contractor by the Government, the contractor has agreed to the following terms and conditions and executed this indemnity bond in conformation of all and undertakes to comply with the terms herein below mentioned.

The contractor doth hereby indemnify the Government against any loss or damage that may be caused to the Government in respect of rectification of any defect noticed due to the faulty workmanship, by the contractor or substandard materials used by the contractor in the execution of work entrusted to the contractor during the period of three years i.e. from upto (dates be specified)

In witness there of Thiru/Tmt/Selvi..... the contractor has signed this deed in thc presence of the

First Witness:

Second Witness:

Signature of the contractor.