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**PUBLIC WORKS DEPARTMENT
BUILDING ORGANISATION**

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OFFICE OF THE CHIEF ENGINEER (BUILDINGS), CHEPAUK, CHENNAI-5

CIRCULAR MEMORANDUM NO. HDO (A) / 12056 / 2006, dated 30.03.2006

Sub: Buildings - Collection of Additional Security Deposit towards minus rate quoted tender over Department value - Minus rate quoted Item over Department rate more than 15% - Refund of Additional Security Deposit to the Contractors - Instructions - Issued.

- Ref:**
1. G.O.Ms.No. 555, Public Works (G2) Department, dated 17.11.1999.
 2. Engineer-in-Chief, WRO & Chief Engineer (General), PWD., Chennai-5, Circular Memo No. HDO (A) / 65964 / 99-1, dated 02.12.1999.
 3. Chief Engineer (Buildings), letter No. HDO (A) / 57878 / 2001, dated 05.11.2001 addressed to the Superintending Engineer, PWD., Building Maintenance Circle, Chennai-5 and copy marked to Superintending Engineers.

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Based on the directions issued in the G.O. cited, the Engineer-in-Chief, WRO & Chief Engineer (General), PWD has issued instructions to the Superintending Engineers of Building Organisation and Water Resources Organisation Circle in the circular memo second cited, in respect of the minus tender quoted by the contractors over the Department tender amount as detailed below:

"On evaluation of tender, if it is found that if the overall quoted amount of the tender is less than 5 to 15% of the value put to tender, the contractor shall pay an additional security at 2% of the estimated value. If the tender discount exceeds 15% to 20%, the security deposit of 50% of the difference between the quoted amount and estimate amount. Failure to furnish the additional security deposit within 15 days from the date of receipt of acceptance order shall entail cancellation of award of contract and forfeiture of EMD furnished".

2.0. In the said circular, there is no mention about the refund of such additional security deposit.

3.0. Based on the clarification sought for in this regard by the Superintending Engineer, PWD., Building Maintenance Circle, Chennai, instructions have been issued by the Chief Engineer (Buildings) to the Superintending Engineers of Building Organisation that "the additional security deposit collected in lieu of the minus tender shall also be treated as security deposit (with high value) and it shall be retained for the period, till such time the original security deposit is eligible for refund as per agreement condition".

4.0. Quoting the repeated requests regarding refund of additional security deposit received from the contractor who paid additional security deposit in lieu of minus tenders, on the completion of work itself, the Executive Engineer, PWD., South Presidency Division, Chennai-5 and the

Executive Engineer, PWD., Marina Division, Chennai-5 have now requested the Chief Engineer (Buildings) to clarify whether the additional security deposit collected for the minus tender can be refunded on completion of the work (or) otherwise refunded only along with the security deposit as per the instructions contained in the Chief Engineer (Buildings) letter third cited.

5.0. This issue has been analysed in detail. The main intention for the collection of 50% of the difference between the quoted amount over the estimate amount in respect of minus tender of (-) 15% or more is, to have control over the contractor to complete the work with reference to the conditions of contract and also as per the specifications in the agreement to the entire satisfaction of the Department Engineer who is in charge of the work. In such a case, it is concluded that there is no justification to withhold the additional security deposit collected towards minus tender, even after the completion of work as per the tender condition, specification stipulated and to the entire satisfaction of the Department Engineer.

6.0. Hence, the Superintending Engineers and the Executive Engineers of Building Organisation are hereby informed that the additional security deposit amount collected towards the tender minus exceeds 15%, (I). over the department value put to tender in respect of percentage tenders and (II). over the department rate in respect of item rate contract may be released (I). on completion of work in case of percentage tender system and (II). on completion of particular item of work in case of item rate contract works respectively, if the work / item of work is completed as per agreement condition, specifications stipulated therein and also to the due satisfaction of

the Engineer in charge of the work, on production of a certificate by the Engineer in charge of the work to this effect.

7.0. The receipt of this circular memo shall be acknowledged.

A. Radha Bal
SIT/06
for Chief Engineer (Buildings)

To

The Superintending Engineers & Executive Engineers of Building Organisation, PWD including Electrical Wing.

Copy to the Engineer-in-Chief, WRO & Chief Engineer (General), PWD., Chepauk, Chennai-5 for information.

Copy to the Chief Engineer (Buildings)'s table.

Copy to the Joint Chief Engineer (Buildings)'s table.

Copy to the Deputy Chief Engineer (Buildings) & Deputy Chief Engineer (Electrical) of Office of the Chief Engineer (Buildings), PWD., Chennai-5.

Copy to the Head Draughting Officer I & II of Office of the Chief Engineer (Buildings), PWD., Chennai-5.

Copy to the Assistant Executive Engineers of Technical Sections, Office of the Chief Engineer (Buildings), PWD., Chennai-5.

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