

NO: M.1(10)97/443

Dated: 16.1.98

CIRCULAR NO. 516

SUB: REVISED RATES OF EARNEST MONEY, SECURITY DEPOSIT AND FORFEITURE OF EARNEST MONEY IN N.I.Q.'s.

In partial modification of the Circular No.278 circulated vide No.EM.1(10)83/21637 dt. 14.12.89 on the above cited subject, following Revised Rates of Earnest Money & Security Deposit as well as guidelines for forfeiture of Earnest Money in N.I.Q s have been approved by the WAB in the meeting held on 10.12.97.

1. REVISED RATES OF EARNEST MONEY

The Earnest Money will be deposited with each tender in the following manner.

	<u>ESTIMATED COST</u>	<u>AMOUNT OF EARNEST MONEY</u>
i)	Works costing upto Rs.40 lacs.(Rs.Forty lacs only).	2 $\frac{1}{2}$ % of Estimated cost put to tender.
ii)	Works costing Rs.40 lacs & above.	Rs.1 lac.(one lac.) + $\frac{1}{2}$ % of the amount by which cost exceeds Rs.40 lacs., subject to maximum of Rs.2 lacs (Rs. Two lacs only).

Keeping in view the above changes in amount of Earnest Money, the necessary amendments may please be made in the standard formats for NIT's and contract documents.

2. REVISED RATES FOR SECURITY DEPOSIT.

The security deposit will be deducted from the running account/final bills of the contracts at the following rates :-

	<u>ESTIMATED COST</u>	<u>AMOUNT OF SECURITY DEPOSIT</u>
i)	For works costing upto Rs. 50 lacs (Rs.Fifty lacs only).	10% of Estimated cost put to tender.

- ii) For works costing more than Rs. 50 lacs (Rs. fifty lacs only). Rs. 5 lacs + 2% of the amount by which cost exceeds Rs. 50 lacs (Rs. fifty lacs only) subject to maximum of Rs. 10 lacs (Rs. Ten lacs only).

These changes in the rates of security deposits may also be effected in the standard formats for NITs/Contract documents.

3. PROVISION FOR FORFEITURE OF EARNEST MONEY IN NIQ (NOTICE INVITING QUOTATIONS).

In all future N.I.Qs where a condition is laid down to deposit Earnest Money, the following provision should be made for its forfeiture.

"The quotation of the work/supply shall remain open for a period ofdays from the date of opening of Quotation. The DLA shall, without prejudice to any other right or remedy, be at liberty to forfeit 50% of the Earnest Money, if any quotationer withdraws his quotation before the said period or makes any modification in the terms and conditions of the offer which are not acceptable to the department and to forfeit the whole of the Earnest Money if the quotationer whose quotation is accepted, fails to commence the work/supply, specified in the NIQ (along with changes in the scope, if any) in the prescribed time or abandons the work/supply before its completion."

4. The para 1(i) of Circular No.278 dated 14.12.89 i.e. "If the contractors withdraw their offer within 90 days of quoting the rates, action required is to forfeit the Earnest Money absolutely", stands modified as under:-

"If the contractors withdraw their offer within validity period or makes any modification in the terms and conditions of the tender which are not acceptable to the Department, Earnest Money to be forfeited absolutely".

5. These revised rates of Earnest Money, Security Deposit & other amendments shall be incorporated in all the Standard formats of NITs/Contract documents with immediate effect.

R.K. Bhanlari
(R.K. BHANLARI)
ENGINEER MEMBER
D.D.A.

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3. CVO i/c SE(Vig.)-I & SE(Vig.)-II, LDA.
4. CAO, LDA.
5. Director (Hort.) North & South, Director(M).
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10. E.O.-I,II,III & IV to E.M.
11. A.C.(P) to E.M.
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[Handwritten signature]
E.O.-I to E.M.
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