

GOVERNMENT OF INDIA

CENTRAL PUBLIC WORKS DEPARTMENT

**CPWD
WORKS MANUAL**

2003

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Chapter I

Works

Section 1

Classification of Functions of Central PWD

Functions

1.1 The Central PWD is the agency of the Central Government operating throughout the country for planning, construction, maintenance and repairs of all works and buildings financed from Civil Works Budget including renting and purchase of buildings and Estates work at places where Directorate of Estate is not functioning. These do not include works of Atomic Energy Department, Central Water Commission, P&T Department, All India Radio, Space Department, and Railways. The Department executes the works of Defence Ministry, Shipping and Surface Transport, Transport Ministry (Roads Wing) and External Affairs Ministry (Outside India) as and when asked for.

1.2 Where there is no CPWD formation within 20 kilometres from the site of works, the administrative Ministry is empowered to execute "original works" and "special repairs" costing up to Rs. Ten lacs, in respect of buildings and other works under their administrative control without any reference to CPWD, if the same is done through the agency of MES, State PWD or any Central or State Public Undertaking which may be having a civil construction formation in the locality. Even for works exceeding Rs.Ten lacs, services of such agencies may be availed of but after consultation with the Ministry of Urban Development.

1.3 In places, where CPWD, has its own formation, the administrative Ministry is empowered to execute "original works and special repairs" costing upto Rs.10,000/- in respect of building and other works under the administrative control employing any agency of its choice.

1.4 The CPWD will lay down ceiling limits in the form of broad guidelines which should not be based on the original book value of the structure but the present cost of construction of similar building or structure and the age of the existing structure. After such ceiling limits have been laid down by the CPWD, the administrative Ministries are empowered, in respect of buildings etc., under their control or exclusive occupation to carry out ordinary repairs and maintenance works through any agency of their choice but within the ceiling limits of expenditure laid down by the CPWD.

Note: Civil Works would mean building works including electrical, air-conditioning, plumbing, sanitary work, compound walls, fire fighting, interiors, landscaping, renovations, rehabilitation and other miscellaneous works.

Classification of Works

Original Works

1.5 "Original works" shall mean all new constructions, including additions, alterations to existing works, special repairs to newly purchased or previously abandoned works and purchases.

Repairs

1.6 "Repairs" shall mean operations under taken to maintain buildings and works in proper condition. These are classified in two categories: annual repair and special repair.

Annual repair consists of those works, like white washing, colour washing, distemping etc. which are carried out annually.

Special repair consists of works like plastering, replacement of doors and windows, flooring etc., which are not required annually but are required as and when the necessity arises and is noticed during inspection by the supervisory staff whether suo moto or on complaint from allottee.

Petty Works

1.7 The expenditure on minor additions and alterations to residential and non-residential buildings upto the limits prescribed in DFPR may be classified at the discretion of the Superintending Engineer as petty works expenditure and debited to "Repairs" provided that separate estimates are sanctioned in respect of such additions and alterations and if such works relate to residences, the cost is taken into account in determining the capital cost and in calculating the Licence fee in accordance with the rules issued by Government.

1.8 The expenditure on miscellaneous items of road works, upto a limit to be prescribed by the concerned Ministry of the Government of India or by Ministry of Surface Transport, whichever is less, may be classified by the Superintending Engineer as petty works expenditure and debited to "Repairs" provided that the works in question do not form part of any comprehensive scheme or project covered by a work estimate.

SECTION 2

Stages For Execution of Works

2.1 After a requisition for a work required to be done is received, a preliminary estimate is prepared to give an idea of the approximate cost involved based on preliminary plans. It is sent to the requisitioning authority for administrative approval. Before incurring any liability in connection with the work the following four basic prerequisite are required to be fulfilled:

- (i) Administrative approval.
- (ii) Expenditure sanction.
- (iii) Technical sanction.
- (iv) Appropriation or re-appropriation of funds.

2.2 For major works costing more than Rs. 1 lac, administrative approval and sanction to expenditure will be accorded simultaneously by the administrative Ministries/Departments concerned. In case of minor works costing Rs.1.00 lac and below and chargeable to head other than the head of account 2059 public works or 2216 housing it will be necessary to issue expenditure sanction separately.

2.3 The execution of a project/work has two stages viz. the Pre-construction stage and the Construction stage. The following activities are involved in these stages :

Pre-construction stage -

- (i) Requisition from the Client.
- (ii) Preparation of site/soil data.
- (iii) Discussions with clients of all their requirements, incorporation of the same and preparation of Preliminary Plans.
- (iv) Approval of the plan by client.
- (v) Preparation of Preliminary Estimate & vetting by Senior Architect.
- (vi) Approval of the Estimates by the Clients.
- (vii) Preparation & submission of the plan to the Local Bodies.
- (viii) Approval of plans by Local Bodies.
- (ix) Preparation of Preliminary Structural Sizes.
- (x) Preparation of Service Drawings.
- (xi) Preparation of architectural drawings.
- (xii) Preparation of draft detailed estimate and design review with client and modification of drawings, if any.
- (xiii) Preparation of detailed estimates for main buildings and all services (Civil, Electrical & Mechanical).
- (xiv) Preparation of structural drawings.
- (xv) Preparation of draft schedules for work (NIT) and call of pre-qualification applications, wherever required.
- (xvi) Selection of contractors from the pre-qualification applications.
- (xvii) Call of tenders and pre-bid conference.
- (xviii) Receipt of tenders.
- (xix) Decision of tender and award of work.
- (xx) Preparation of NIT, call and award of work for Elect.Services/External Services.

Construction stage-

- (i) Execution of work & contract management.
- (ii) Completion of work.
- (iii) Testing & commissioning.
- (iv) Completion plans and Occupancy certificate from Local Body.
- (v) Handing over to client.
- (vi) Settlement of accounts.

2.4.1 The co-ordination upto the stage of preparation of detailed estimate/NIT for execution of a project shall be done by the Sr. Architect. The preparation of lay out, preliminary working and detailed drawings of buildings shall be done by the Sr. Architect in consultation with the client Ministry/ Deptt., Superintending Engineer (Planning), Civil, Electrical and Air-conditioning Engineers and the Directorate of Horticulture. For this purpose, the Sr. Architect shall send the advance copies of the drawings to all concerned officials and call for necessary comments or data (like wiring diagram etc.) as the case may be and the detailed

working drawings shall be finalised by him taking such comments/data into consideration and further mutual discussion if necessary.

2.4.2 The final working drawings shall indicate the sizes and position of sanitary fittings, positions of water supply fittings, positions of Electrical fittings and their specifications broadly.

2.4.3 In case of works where architectural input is not required, such as road work, Superintending Engineer (Planning) shall be the co-ordinator upto NIT stage.

2.4.4 The co-ordination during the actual execution of the work shall be done by the concerned Superintending Engineer (Civil). As soon as a project is started, the Executive Engineer (Civil) shall obtain a copy of the working diagram from the Electrical Engineer showing clearly the positions and sizes of the holes or chases which should be left to accommodate their fittings. Similar action will be taken by the Executive Engineer (Civil) himself in respect of sanitary and water supply installations on the basis of approved technical drawings. The Executive Engineer (Civil) should see, that all the holes and chases are left in the proper places while masonry work is in progress. Joint inspections should be arranged with the Executive Engineer-in-charge of Electric installations to ensure that no mistakes are made in the position and also to arrange for modifications, if any, that may be considered advisable.

2.4.5 Any change from the provisions of the drawing that becomes necessary during the execution due to any practical difficulty etc., will be brought to the notice of the Sr. Architect and his approval obtained.

2.4.6 In all cases, where the Central PWD has to depend upon the local Municipal authorities for the provision of external services, viz. roads, drains, water supply mains, sewerage, electric mains, there should be proper co-ordination between the Central PWD Officers concerned with the project and Municipal and other authorities. To avoid any infringement of building and Health Bye-laws of local Municipal Committee/ Corporation, the building plans should be prepared keeping in view provisions and requirements of these Bye-laws. The Executive Engineer will furnish the services plans to Senior Architect. The Senior Architect will, then, submit the complete plans to such Local bodies for their approval prior to commencement of the work. On commencement of work the local bodies should also be moved simultaneously for provision of ancillary services. Provision for such external services, wherever required to be provided for by the Department should invariably be made in the main project estimate.

2.4.7 When the building work has sufficiently advanced and is nearing completion, Horticultural Wing should be informed by the Executive Engineer for taking action with regard to their portion of work, wherever required.

Urgent and Emergent Works

2.5.1 In case of 'urgency' or 'emergency' the works may be executed in absence of any or all the above mentioned formalities. For 'urgent works' the authority to commence them in anticipation of administrative approval and expenditure sanction shall vest in the Ministry of Urban Development and in anticipation of technical sanction to the estimate with the Chief Engineers. For 'Emergent works' the Chief Engineers shall have full authority to undertake such works in anticipation of Administrative Approval and Expenditure Sanction etc. On receipt of such written order of the competent authority in each case, the Executive

Engineer/Assistant Engineer may proceed to carry out the necessary work, subject to the condition, that, he immediately informs the Accounts Officer concerned, that he is incurring unauthorised liability, stating therein the approximate amount of liability which he is likely to incur. The Executive Engineer/Assistant Engineer should pursue his action to obtain the administrative approval and expenditure sanction and to accord technical sanction to regularise the action taken by him in incurring the unauthorised liability, as early as possible.

2.5.2 The incurring of an unauthorised liability should be resorted to in exceptional cases after the required sanction/authority is issued by the Ministry/Chief Engineers as the case may be.

2.5.3 The powers of executing work of emergent nature are given in Appendix - 1.

Administrative Approval

2.6 The formal acceptance by the requisitioning authority of the proposal contained in the Preliminary Estimate submitted by CPWD is termed as Administrative Approval.

2.7 The preliminary estimate framed for submission to the requisitioning authority should be signed by the authority competent to accord technical sanction to the detailed estimate for the work and should be forwarded to the Administrative Ministry/Department. The administrative approval will be communicated to the concerned unit of Central PWD and a copy endorsed to the respective Accounts Officer. One copy of the estimate should be returned, duly countersigned, to the concerned CPWD Unit.

2.8 Except in respect of works for which Demands are administered by the Ministry of Urban Development i.e. in respect of Heads "2059 Public Works", "2216 Housing", "4059 Capital Outlay on Public Works", and other functional heads, "4216 Capital Outlay on Housing", the administrative Ministry/Department shall endorse the estimate along with a copy of such estimates and plans to the Ministry of Urban Development.

Road Projects

2.9 The Central PWD has also been entrusted with the construction, development and maintenance of some portion of National Highways and other roads.

2.10 The Department of Surface Transport (Roads Wing) has laid down the following procedure for obtaining technical approval and financial sanction to the road works controlled by them.

(a) Before according technical sanction, for works in category (i) above, technical approval and financial sanction of the Government of India, in the Department of Surface Transport (Roads Wing) is necessary for works costing more than Rs.25,00,000/-.

For works falling in category (ii) above, both technical approval and financial sanctions can be accorded locally upto Rupees three crores, provided the budget provision exists in the budget of Ministry of Home Affairs.

For works falling in category (iii) above, Administrative approval and financial sanction is to be invariably accorded by the Ministry of Transport,

Department of Surface Transport (Roads Wing) irrespective of the value of the work. Technical sanction upto Rupees three crores can however be accorded locally.

(b) Technical approval and financial sanction to original works on roads other than National Highways, costing less than Rs.5,000/- and not forming part of a project (the estimate for which will require the technical approval and financial sanction of the Central Government) may, however, be accorded by the DGW/Chief Engineers, Central P.W.D.

(c) The technical approval and financial sanction of the Government of India to original works will be obtained on the basis of detailed estimate prepared by the Central PWD.

(d) No detailed estimates are ordinarily required for maintenance and repairs expenditure as formal technical approval and financial sanction for maintenance and repairs during a financial year is given by the Department of Surface Transport (Roads Wing) on the basis of abstract estimates in Form No.CERI/AR-47 submitted by the Central PWD. The demands estimates are based on standard maintenance costs suitably weighted to allow for current increases in the price of labour and materials. Account is also to be taken of the general scale of maintenance approved for National Highways if any under the jurisdiction of the Central PWD and actual expenditure incurred on the roads in the past. The demand estimated from each CPWD circle are to be grouped as one estimate and technically approved as such.

(e) The provision for special repairs included in the abstract estimates referred to in (d) above should be based on past experience of requirements and should not ordinarily exceed 10% of the provision for road maintenance in the CPWD circles concerned as a whole and the entries in the abstracts under this head should be accompanied by a report indicating in sufficient detail the nature of special repairs contemplated. If, however, additional allotments are required for special repairs necessitated by serious floods, damages or by other conditions not provided for "Under Special Repairs" in the abstract maintenance estimates on the basis of past experience or if additional allotments are required for repairs to newly constructed roads or roads previously maintained at a lower standard than is now necessitated by traffic requirements, detailed estimates should be submitted for approval by the Government of India, Department of Surface Transport (Roads Wing), except for Minor Works costing Rs.10,000/-or less in which case the demand need only be accompanied by a statement indicating the necessity of the works and the reasons why it could not be foreseen.

(f) On receipt of technical approval and financial sanction to works, the competent authority in the CPWD will accord technical sanction upto the amount of financial sanction and inform the Audit Officer.

(g) Copies of technical approval and financial Sanction to works on National Highways, works on roads other than National Highways financed from the Central Budget and works financed from the Central Road Fund (Ordinary and Special Reserves and allocations) will be endorsed to the Audit officer by the competent authority. The Audit Officer is authorised to admit expenditure in excess of the sanctioned amount up to 15% of the sanctioned is less unless the scheme or project has been substantially altered. If the excess is more than the

permissible limit, it will be necessary to obtain the revised technical approval and financial sanction of the competent authority.

2.11 A Group of works which forms one project shall be considered as one work for obtaining administrative approval and expenditure sanction. Technical sanction can, however, be accorded to components or small part of a project in such cases by the officer competent to sanction the highest value component.

2.12 DGW/ADG/Chief Engineer, CPWD shall have powers to accord administrative approval and expenditure sanction for construction of houses for CPWD project staff for major projects (i.e works costing more than 1 lac) as well as CPWD maintenance staff as given in Appendix-1 of financial powers.

Approval to work of additions and alterations

2.13 No authority with the exception indicated in para 2.14 below is empowered to accord administrative approval to an estimate for additions and alterations to a residential building, if the expenditure contemplated would result in increase of the capital cost of the building to a figure beyond which the authority in question is not entitled to accord the administrative approval in case of a new residence. Para 4.32 deals with procedure regarding additions and alterations in residential buildings.

2.14 The DGW/Chief Engineers and Superintending Engineers in Central PWD may accord administrative approval to estimates for minor works and alterations and additions to the existing Govt. owned residential buildings as indicated in the Appendix 1 irrespective of the capital cost of the buildings subject to the conditions that-

(i) The powers herein delegated will not apply to residential units occupied by Ministers/Members of the Parliament.

(ii) The prescribed scales of amenities shall not be exceeded.

(iii) The prescribed specification of the amenities shall not be exceeded.

(iv) Amenities as above asked for shall be provided subject to the recovery of additional licence fee calculated at 9% of the estimated cost of the additions and alterations or on the basis of the increased living area (if living area is affected) multiplied by the pooled unit rate, whichever of the two is higher, from the date of completion of work till the next revision of licence fees of Govt. residences.

(v) The exercise of these powers will be subject to the condition that the additions and alterations to be sanctioned would be of the usual type and that all cases where there are no precedents and also such cases where there are likely to be repercussions should be referred to the Ministry of Urban Development.

Chief Engineers while exercising powers will certify about the availability of funds in the Budget.

2.15 The Officer of CPWD may authorise additions and alterations to non-residential buildings as indicated in Appendix 1 .

Excess over administrative approval

2.16.1 Material deviations from original proposal should not be made without the sanction of the authority which accorded the administrative approval to the

work, even though the cost of the same may be covered by savings on other items.

2.16.2 Excess upto 10% of the amount of the administrative approval may be authorised by Officers of the CPWD, upto their respective powers of technical sanction. In case it exceeds this limit, a revised administrative approval must be obtained from the authority competent to approve the cost as so enhanced. No revised administrative approval is however, necessary if the excess is covered by the requisite expenditure sanction.

Expenditure Sanction

2.17.1 After the administrative approval is received from the administrative Ministry/Department, expenditure sanction is to be accorded to indicate that funds for the project have been provided and liability can be incurred.

2.17.2 Expenditure sanction, is required to be issued by the Ministry/Department/Administrator/Head of Department as the case may be, under their delegated powers and in the other cases, with the concurrence of IFA (Integrated Financial Adviser).

2.18 An order of appropriation or re-appropriation of funds shall operate as sanction to incur expenditure on minor works and it shall not be necessary to issue any formal order conveying sanction to incur expenditure in such cases.

Powers of expenditure sanction

2.19.1 The DGW/ADG/Chief Engineers, CPWD have the power to accord expenditure sanction to work projects as given in the Appendix 1.

2.19.2 In cases of Major works sponsored by authorities other than the Ministry of Urban Development i.e. under the Head 2059 PW, 2216 Housing, 4059 Capital Outlay on Public Works, 4216 Capital Outlay on Housing, the Administrative Approvals, when received will be subjected to scrutiny in the Ministry of Urban Development by their Financial Adviser and Director General (Works) to see that the standards of accommodation provided therein are according to the norms already approved by the Government for the purpose. They will then issue the expenditure sanction, if the total cost of the scheme is not estimated to cost more than Rs.2 crores. For schemes costing more than Rs.2 crores prior concurrence of the Ministry of Finance would be required.

2.19.3 Ministries/Department of the Central Govt. may issue expenditure sanctions in respect of Major Works costing upto Rs.5 lacs without consulting the Ministry of Finance.

2.20 In the case of works under the Administrative control of National Capital Territory of Delhi, necessary expenditure sanction will be issued by the Lt. Governor, Delhi after obtaining concurrence of the Delhi State Division, of the Ministry of Finance, where necessary.

Excess over Expenditure Sanction

2.21 The expenditure sanction can be exceeded by 10% beyond which revised Expenditure Sanction shall be necessary which should be applied for as soon as such excess is foreseen.

Technical Sanction

2.22 After receipt of administrative approval and expenditure sanction, detailed estimates are required to be prepared for technical sanction. As its name indicates, it amounts to no more than a guarantee that the proposals are structurally sound and that the estimates are accurately calculated and based on adequate data.

2.23 Before an estimate is technically sanctioned, the following shall be available.

- (i) Detailed architectural drawings and specifications
- (ii) Structural drawings for foundations
- (iii) Structural drawings of superstructure atleast upto slab at level 2
- (iv) Detailed drawings of internal and external services.

2.23.1 Before according technical sanction to detailed estimates, the authority competent to accord such sanction shall ensure that the design and specification etc., of the building are rich enough to provide the desired life to it. In the 'Design and Scope' column of the estimate, it shall be specifically mentioned that, 'Under normal use and maintenance, the building is expected to have an economic life of years.'

For various types of buildings, the economic life shall be taken as below:

- (i) Monumental structures 100 years
- (ii) RCC framed structures 75 years
- (iii) Load bearing structures 55 years
- (iv) Semi permanent structures 30 years

2.24 The technical sanction should be given by the competent authority before a work is taken in hand. In case of revised estimates, it is not necessary to wait for the revised administrative approval or the revised expenditure sanction to accord revised technical sanction.

2.25 The powers of officers of the Central PWD for technical sanction are given in

Appendix 1. These amounts are exclusive of departmental charges. The powers to accord technical sanction to revised estimates shall be the same as for the original estimates.

Deviation in Technical Sanction

2.26 The Technical sanction can be exceeded by 10% beyond which revised 'technical sanction' shall be necessary.

2.27 Similarly, if subsequent to the grant of technical sanction, material structural alterations are contemplated, the orders of the authority, which sanctioned the estimate technically, should be obtained, even though no additional expenditure may be involved due to such alterations.

Technical Sanction to Components

2.28 As already stated in paragraph 2.11 above, technical sanction may be accorded to components or smaller part of a project subject to the following conditions:-

(i) For each such work or component part, there must be a fully prepared detailed estimate and in the expenditure sanction as a whole there must be a clear and specific amount corresponding to the work or component part in question.

(ii) In exceptional cases, where the works are authorised to be taken in hand before accord of expenditure sanction, technical sanction to the components or small parts of the project should be accorded by an authority competent to accord sanction to the detailed estimate for the project as a whole.

(iii) Splitting up of works in smaller components or in phases for the purpose of technical sanction or invitation of tenders shall be permitted by the authority competent to accord Technical Sanction to the estimate for the project as a whole.

Completion of Works

2.29 On completion of the work, the administrative Department/Ministry should be informed of the same and formal handing over arranged in writing. Reasonable advance intimation of completion of the work should be given to the concerned Department to enable them to make arrangements for taking over.

2.30.1 Completion plans of the project including services plans and details should be prepared and submitted along with the completion report showing the expenditure incurred on the project.

2.30.2 The completion Report in Form CPWA 45/44, as the case may be, should be prepared from the Works Registers indicating the expenditure incurred till the date of completion and passing the excess if any, as it may be within the competence of CPWD Officers. It will be sent to the Audit Officer/Accounts Officer concerned who will pass it on duly audited to the Superintending Engineer concerned.

2.31 The Executive Engineer in charge of the Building work should maintain a register called "Consolidated Register of Works" so as to exhibit the total cost of the project including all components viz., building, water supply, sanitary installation, electric installations, etc. For this purpose, the Divisional units concerned will, on completion of their portion of the work, intimate the audited figures of expenditure to the building Division through a completion report and get the excess, if any passed. The overall responsibility for obtaining the revised administrative approval and expenditure sanction for the project as a whole, wherever required, will rest with the Executive Engineer (Civil). Separate working estimates may, however, continue to be prepared and operated upon as hitherto and it will not be necessary to pass on transactions through suspense heads of accounts. Only a record of completion cost of the project will be kept on a separate page in the building Division. This will be separate from the main posting in the register of works.

Appropriations and re-appropriations

2.32 Appropriation means assignment, to meet specified expenditure of funds, included in a primary unit of appropriation. Re-appropriation means the transfer of funds from one unit of appropriation to another under such unit. It is a fundamental principle that no outlay on a work shall be incurred without funds having been allotted for it by appropriation or re-appropriation. In exceptional cases, where expenditure is authorised in anticipation of the allotment of funds

or in excess of the funds allotted for the purpose, the authorisation must be followed by a formal allotment of funds to the extent required.

2.33.1 Allotment of funds is intended to cover all the charges including the liabilities of past years to be paid during the year or to be adjusted in the accounts of it. It is operative until the close of the financial year. Any unspent balance lapses and is not available for utilisation in the following year, but Government will ordinarily endeavour to include any anticipated lapse in the demand for the following year. The financial year closes on 31st March and after that date all cash and stock transactions are treated as pertaining to the following year.

2.33.2 However, the Transfer Entry Book and the stock accounts should be kept open for transfer entries relating to rectification of errors and settlement of outstanding. These accounts should be closed on the 20th May or on such other date, as may be prescribed by the Accountant General.

Note 1 If any adjustments in accounts have been purposely deferred till the close of the accounts of the year, it is permissible to effect them after 31st March in the same way as adjustments in rectification of error noticed after that date.

Note 2 Accounts of transaction with other Governments, Railways, Posts and Telegraphs and Defence must be settled completely and communicated to the Accountant General by the 12th April, at the latest.

2.34 An appropriation or re-appropriation can be authorised at any time before, but not after the expiry of financial year.

2.35 The procedure relating to the preparation of demand for grants and re-appropriation of funds, distribution of funds and budget matters generally is laid down by the Budget Division of Ministry of Finance in their divisional budget circular.

2.36 The demands for new capital (Construction) works/works in progress chargeable to the major head "4059 Capital Outlay on Public Works" and functional heads and Major Head "4216 Capital Outlay on Housing" will be forwarded by the DG (W) /CE to Ministry of Urban Development by 31st October every year. These should be confined to those works only which have received expenditure sanction wherever such sanction is required.

2.37 For Major/Minor works and Maintenance and Repairs chargeable to the Major head "2059 Public Works" and Minor Works and Maintenance and Repairs chargeable to the Major Head "2216 Housing" the demand should be in lump sum only under different minor heads, the data as desired by Ministry of Urban Development justifying the total demands put forward for each of sub head being furnished in the supplementary statements to be appended to the schedule.

Powers for appropriation and re-appropriation

2.38 The powers to appropriate and re-appropriate funds to meet the expenditure on public works are vested in the DGW/Chief Engineer.

SECTION 3

Deposit Works

3.1 The term 'Deposit works' is applied to works of Constructions or repairs, the cost of which is not met out of Government funds, but being financed from Non-Government sources, which may either be deposited in cash or otherwise placed at the disposal of the Divisional Officer. Works executed for Municipalities and other Public bodies fall under this category, when the cost is chargeable either to cash deposits made for the purpose or to their credit balances at Treasuries. Such funds may be provided wholly or partly from:-

(a) Funds of public nature, but not included in the financial estimates and accounts of the Union of India.

(b) Contributions from the public.

3.2.1 Where a work is to be carried out partly from funds provided in the estimates of the Department and partly from funds of the foregoing nature, the contribution should be considered as a lump sum in addition to the Government grant.

3.2.2 The work should be executed in accordance with the procedures laid down for the Central works. However, the norms regarding plinth areas and specifications of the client department may be adopted even if such norms are at variance with CPWD norms. In such cases the client should be informed about government norms.

3.3 The Central PWD should decline to undertake as deposit work the maintenance of buildings which were not originally constructed by CPWD. It should also decline to undertake maintenance of mechanical / electrical equipment, which were not originally procured and installed by CPWD. Maintenance works of such buildings may be undertaken if it is in the interest of Government e.g. when the body or Institution is financed so largely from Government grants that defects in construction or maintenance might lead to demand for further financial assistance or where the buildings concerned are Government buildings, which if and when vacated by the body or Institution occupying the same could be used for Government purposes or leased at a profit.

Powers to Undertake Deposit Works

3.4.1 The Officers of the Central P.W.D. have been empowered to undertake deposit works as per powers delegated. (Appendix 1).

3.4.1.1 It is essential that an estimate should be sent to the client department fully ascertaining all necessary site details, technical feasibility, topographical details, ownership of land etc., before acceptance of any deposit by the Executive Engineer. In case any preliminary work like soil testing, site survey/contour etc., are to be done, a small estimate can be sent to client and deposits received. Otherwise no deposit should be accepted without completing the necessary formalities and obtaining written approval of the Chief Engineer concerned.

3.4.2 Chief Engineers in CPWD are fully authorised to accept/undertake deposit works irrespective of the monetary value of Food Corporation of India and Indian Council of Agricultural Research.

Realization of Contribution for Deposit Works

3.5.1 Whenever a deposit work is to be carried out, the contribution should be realised before any liability is incurred on account of the work. However, in cases where the Ministry is satisfied that money will be forthcoming, when required, it may authorise the recovery from the contributor by suitable instalments on fixed dates. 1% of the anticipated project cost should be realised before preparation of Preliminary Estimates. In addition to the amount payable by contributors, departmental charges and also pensionary charges (as per CPWA Code) at such percentages, as are prescribed by the Government of India from time to time is also to be recovered in advance. No interest will be allowed on sums deposited as private contributions for works as per orders on the subject.

3.5.2 In cases of deposit works of autonomous bodies financed entirely from Government funds and whose receipt of money is assured 33-1/3% of the estimated cost of the work may be got deposited as advance. Thereafter, the expenditure incurred may be got reimbursed through monthly bills simultaneously with rendering of monthly accounts on the progress of work. The deposit of 33-1/3% obtained as the first instalment should be retained for adjustment against the last portion of the estimated expenditure.

3.5.3 Where delays are experienced in obtaining funds and where expenditure has to be incurred out of the 33-1/3% reserve to keep the works going, the matter should be brought to the notice of Superintending Engineer/Chief Engineer promptly for taking up the matter with client Department. It is reiterated that no expenditure is to be incurred on Deposit Works out of CPWD Grants and Vice-versa.

3.5.4 To enable client Department to provide additional funds in time, revised estimates should be submitted by the CPWD, at the appropriate stages during the execution of works wherever required.

3.5.5 With regard to Deposit works involving autonomous bodies/departments who have earlier defaulted in payments and where outstanding amount exceeds Rs. Ten lacs or where outlay is predominantly on purchase of capital equipment, the entire deposit including DC should be obtained in advance.

3.5.6 It should be ensured that in no case deposits received from one department are diverted to works of other department, nor moneys received in respect of one deposit work diverted to other deposit works.

3.6.1 The contributors or the authority on whose behalf the work is to be done is also to be made to understand clearly that the Central PWD does not bind itself to complete the work within the amount of estimate and that the authority depositing or administering the funds agree to finance the excess that may occur. An acknowledgement of this clear understanding is required to be obtained from the party concerned before the work is taken in hand.

3.6.2 It should be ensured that the expenditure is not more than the deposits received for the work. Where the Executive Engineers are doubtful about the timely receipt of the deposits, matter should be taken with the client Department by giving notice that if further deposit is not received, work will be stopped. Efforts should also be made by higher officers, if need be.

3.6.3 While submitting preliminary estimates for deposit works for obtaining administrative approval and expenditure sanction, a copy of the terms and conditions under which the works would be taken up by CPWD as given in Appendix 50 should also be enclosed with the Preliminary Estimate.

Execution of Deposit works

3.7.1 With regard to design, estimate and execution of work, instructions as contained in para 190 of the CPWD Code should be followed. The scope of work should not be altered without written permission of the client.

3.7.2.1 Executive Engineers are required to send to Accounts Officer the Statement of Expenditure in (CPWA 65 A) along with Schedule of Deposit Works (CPWA 65) showing the progress of expenditure on deposit work setting forth the amount of the estimate, the total deposit received and the progressive expenditure for transmission to the depositor concerned. An advance copy of the statement should be invariably forwarded to the client department by the Executive Engineer directly.

3.7.2.2 Such statement should be sent by the various Executive Engineers regularly to enable the adjustment of outstanding amounts in the books of the depositors and to avoid difficulty in reconciliation of accounts, relating to the deposit works after passage of time.

3.7.3 Divisional Officers should send a quarterly report to the Client Organisations showing amount deposited and the expenditure incurred against different works endorsing a copy of the statement to the Director/Officer-in-charge concerned to enable him to pursue the matter with the Accounts Officer for settlement.

3.7.4 It is necessary that in respect of deposit works, the Department should settle their accounts against the deposits expenditure expeditiously so that the amount in the book of audit as well as Govt./Department /Agencies does not remain unaccounted for a considerable period.

SECTION 4

Preparation of Estimates

Preliminary Estimate

4.1 Preliminary estimate is required to be prepared on the basis of plinth area or length of road etc. worked out on the rate per unit area, length or other such method adopted for ready and rough calculation, so as to give an approximate idea of the cost involved in the proposal.

4.2 For preparation of preliminary estimate, the requisite data should be collected from sponsoring Departments and Executive Engineers concerned by the Co-ordinator in the questionnaire placed at Appendix-2. Where required, sub-soil investigations and tests to determine the safe bearing capacity may be conducted.

4.3 The Co-ordinator shall consult representatives of all other disciplines for incorporating their requirements in the proposal.

4.4 Provision for services like sanitary, water supply, drainage and electric installations etc., should be made on the basis of plinth area rates.

Plinth areas for Residential Buildings

4.5.1 The plinth area scales indicated in the Appendix 3 should be followed for all construction works in the General Pool houses as well as houses for other Ministries/Departments where such norms are applicable.

4.5.2 Normally, no deviation from the prescribed scales should be made but in case it is desired that any deviation is to be made, this can be done only in semi-urban and rural areas where only single storey construction is involved and proposal for such deviation should be sent to the Ministry of Urban Development for specific clearance.

4.6 While forwarding the estimate, proforma given in para 4.12 should be followed.

4.7.1 While forwarding estimates to Ministry of Urban Development in case of proposals under their administrative control, it should specifically be mentioned in the forwarding letter, in addition to the information referred to above, whether the expenditure involved can be met:-

- (i) From within the sanctioned grant.
- (ii) From the specific budget allotment during the current financial year.
- (iii) By re-appropriation of funds and if so, source of re-appropriation should be indicated.

4.7.2 While forwarding the preliminary estimate to the client department for accord of administrative approval and expenditure sanction, an indication shall be given in the history sheet that the cost projected in the preliminary estimate is liable to revision due to probable escalation in cost of construction apart from reasons such as change in scope, area, design and specifications etc. desired by the client at a later date.

Detailed Estimate

4.8 The preparation of detailed estimate and drawings and designs should be taken up after the Co-ordinator obtains an assurance from the Department/Ministry sponsoring the proposal, that the site is available.

4.9 As soon as Administrative Approval and Expenditure Sanction for work is received, Senior Architect, will be informed for furnishing detailed drawings. The Superintending Engineer (Planning)/ Executive Engineer (Planning)/Executive Engineer will examine the abstract of cost of the preliminary estimate and intimate to the authority, competent to sanction the estimate of the highest value component of the preliminary estimate, to sanction estimates for all the component parts included in the project/preliminary estimate. It shall be ensured that total planning i.e. preparation of detailed estimate, designs and tender documents etc. of all the sub-heads in the project/ preliminary estimate shall be done by that authority, irrespective of the value of each sub-head. He will also indicate the authority responsible for preparation of detailed estimate, designs and tender documents for Electrical, Air-conditioning Acoustics and Horticultural parts etc. to see that planning in respect of these components is also done without any loss of time.

4.10 The detailed estimate shall consist of a report (Form PWD I Appendix-4) plans, specifications and a detailed statement of measurements (PWD-2 Appendix-5) quantities and rates (PWD 3 Appendix-6) etc. with an abstract showing the total estimated cost of each item. In the case of a project consisting of several works, the report may be a single document for all the works and like-

wise the specifications, but details of measurements and abstracts of costs may conveniently be prepared for each work, supplemented by a general abstract bringing the whole together.

4.11 The estimates for projects, should be comprehensive, supported by complete details and based on drawings and calculations of design, where necessary. In order to ensure this, they should be prepared under the following heads:-

(i) Buildings, including internal service installations for example water (filtered and unfiltered) supply, sanitary, electrical, Air-conditioning and furniture.

(ii) Main road outside the boundary wall of the buildings under construction, as may be considered necessary for the layout.

(iii) Boundary walls or fences, gateways, roads and paths, grassing shrubbery, and trees connected with garden layout.

(iv) Electrical power connected with mains or service connections outside the boundary of the compounds.

(v) Irrigation supply in connection with channels, pipes or canals outside the boundary of the compound.

(vi) (a) Water Supply, (b) Storm Water Drains, (c) Sewerage.

(vii) Special services such as acoustics, public address system, stage lighting, fire fighting services etc.

(viii) Special tools and plant (Machinery and equipment) i.e. those required not for general purposes but for a specific work, which may be necessary during construction.

(ix) Stock and suspense account, where it may be necessary to open up in connection with the project.

(x) Miscellaneous works such as levelling, dismantling of old buildings and other items which do not fall under the above heads.

(xi) Departmental charges when necessary.

(xii) Land acquisition.

4.12 Reports on estimates should be prepared in a lucid form understandable by non-technical officers of the administrative Ministry/Department. It should be comprehensive enough under each sub-head as mentioned below.

(i) History:- Particular relating to the initiation of and reasons leading up-to the proposal and its general purposes including reference to previous correspondence, documents and specifications, where necessary.

(ii) Design:- A description of the original proposals and those finally adopted particularly with regard to location, sitting and design, also with reference to specifications, calculations and drawings, where necessary.

(iii) Scope:- An explicit statement as to what work is and is not covered by the estimate, also a reference to what arrangements are being made for any portions which are not included in the estimates.

(iv) Rates:- Particulars as to how the rates have been arrived at giving references to the standard schedule of rates and also to the details

accompanying the estimates, where necessary, with any special explanation connected therewith.

(v) Cost:- Cost of the work and a comparison with the amount originally provided under any previous administrative sanction or detailed estimates in case of revision.

(vi) Method:- The method proposed for carrying out the work whether by lump-sum contract, item rate, or percentage rate, tender, petty contract or daily labour or any combination of these.

(vii) Establishment:- Details of any provision made in the estimate for work-charged establishment, when necessary.

(viii) Construction Plant:- Any special methods of construction to be adopted with reference to specifications, etc. and details of the arrangements that have been made for necessary construction Plant tools etc.

(ix) Land:- Arrangements for acquisition of land, when necessary.

(x) Time:- Estimated time of completion from the date of receipt of A/A & E/S.

4.13 Full reference should be given in respect of the plans accompanying the estimates in support of the details submitted therein.

4.14 Any other points of importance which demand knowledge of local conditions must be incorporated.

4.15 The abstract of the detailed estimates should be framed to show merely the quantity and cost of each completed item of work e.g. brick work or it may be framed to show the cost of labour and materials separately. The adoption of either form of abstract should be determined with reference to the mode in which it is proposed to carry out the work.

Schedule of Rates

4.16 To facilitate the preparation of estimates, as also to serve as a guide in settling rates in connection with contract agreements, a schedule of rates for each kind of work commonly executed should be maintained in the Division and Department up-to-date. It should be prepared on the basis of the rates prevailing in each station and necessary analysis of the rates for each description of work and for the varying conditions thereof should, so far as practicable, be recorded.

4.17 The Schedule of Rates for different areas shall be issued under the authority of DG(W) for Delhi/ADGs for their respective Regions except Delhi. These shall be revised at least once in 2 years. The rates entered in the estimates should generally agree with the scheduled rates, but where due to any reason, the latter are not available, market rates may be considered. No cost index shall be added over the scheduled rates for the purpose of detailed estimate.

Provision for contingencies

4.18 In addition to the provision for all expenditure which can be foreseen for a work, a provision of contingency shall be as follows:

(a) Estimated cost upto Rs. 1 crore 5%

(b) Estimated cost more than Rs. 1 crore 3% subject to the minimum of Rs. 5 lacs

This provision is also intended to cover the cost of work-charged establishment for which no provision should be made separately except in the case of annual maintenance estimate, where provision is made for such establishment under a separate sub-head of the estimate.

The amount provided for contingencies shall be utilised as per directions of the officers of the rank of Superintending Engineer and above.

4.19 The detailed estimate should invariably contain the following information:-

(i) Necessary details in support of the lump-sum provision against cost of civil construction works made in the estimate.

(ii) Basis on which the rates have been provided i.e. name of the schedule of rates of the locality adopted project schedule of rate etc.

(iii) A brief note on the special construction difficulties, if any, that are likely to be encountered during the project construction stage.

4.20 No estimate should be technically sanctioned unless the proforma at Appendix - 7 is submitted along with the estimate to enable the competent authority to see that the detailed estimate prepared takes into account all aspects of planning and that no point has escaped notice.

Recasting of Estimate

4.21 After an estimate has been technically sanctioned, it may be decided to make a change in the method originally contemplated for execution of the work. In such a case, the original abstract should be recast in accordance with the instruction laid down in para 4.15 above.

4.22 The details of cost and quantities already approved by competent authority should be re-arranged and the revised abstract should be approved by the Division Officer and thereafter treated as the sanctioned abstract of the estimate for all accounts purposes.

Supplementary Estimate

4.23 Any development of a project thought necessary, while a work is in progress, which is not fairly contingent on the proper execution of the work as first sanctioned, must be covered by a supplementary estimate, accompanied by a full report of the circumstances, which render it necessary. The abstract must show the amount of the original estimate and the total of the sanction required including the supplementary amount.

Revised Estimate

4.24 When an excess over the sanctioned estimate is foreseen and there is likely to be unavoidable delay in the preparation of a revised estimate an immediate report of the circumstances should be made to the authority, whose sanction will ultimately be required. When a revised estimate is submitted, it must be accompanied by a statement in Form PWD 4 (Appendix 8) comparing it with the latest existing sanction of the competent authority and by a report showing the progress made up-to-date.

Remunerative and Non-Remunerative Works

4.25 In respect of Government Development works on Government owned land in New Delhi, the expenditure on works required for the provision of Municipal Services will be allocated as under:-

(a) Such works expenditure will be classified as either remunerative or unremunerative.

(b) Remunerative works will include:-

- (i) Electrical works other than street lighting.
- (ii) Filtered water supply works.
- (iii) One half the cost of sewerage installation works.

(c) Un-remunerative works will include:-

- (i) Street lighting.
- (ii) Roads and grassing.
- (iii) Storm water drains.
- (iv) One half the cost of sewerage installation works.

(d) Government will pay for un-remunerative works as defined above and the remunerative works will be a charge on the New Delhi Municipal Committee.

4.26 All expenditure on Government "Development" works, whether remunerative or un-remunerative, which will be executed by the Central PWD will be charged in the first instance against the department budget heads. The amounts which will be recoverable from the Municipal Corporation of Delhi/New Delhi Municipal Committee under the above principles of allocation, will be separately recovered, if possible, during the same financial year in order to avoid inflation in the accounts.

4.27 The share of the expenditure which is debitable to Government should be accounted for under the Minor Head "Grants-in-aid etc." subordinate to Major Head 2059 Public Works or 2216 Housing and the expenditure which is ultimately recoverable from the Municipal Corporation of Delhi/New Delhi Municipal Committee should be accounted for under Minor Head "Suspense" of the same Major Head.

4.28 The allocation should be shown on each estimate of the work according to the allotment of funds made by the administrative Ministry/Department. In case of works of Government Development activities in New Delhi allocation of the share of Municipal Expenditure chargeable to "Suspense" and "Grants-in-aid" should be shown to permit separate provision being included in the budget, on this account and adjustments being regulated accordingly.

Additions and alterations estimates

4.29 No additions and alteration should be carried out without the concurrence of the Chief Architect/the Senior Architect in writing. While submitting estimates containing the proposals for additions and alterations, the fact that the concurrence of the Chief Architect or Sr. Architect has been obtained should be stated explicitly. This will, however, not include addition/alteration to the electrical fittings, fixtures, power points etc. executed at the request of the occupants.

4.30 No work of addition/alteration which involves structural changes in the residential buildings shall be carried out. The works of addition/alteration shall be classified into three distinct categories and the allottees shall be required to pay 10%, 20% or 100% of the cost of the works depending upon the nature of the work. These works shall also be subject to the annual limits according to the type of the residence. The list of works pertaining to the civil and electrical items, which may be carried out on the allottee paying the specified percentage of the cost of work and the annual limits for different type of residences are given in Appendix-51.

These instructions shall not apply in respect of general pool accommodation allotted to Ministers/ Members of Parliament and ineligible categories of persons such as artists, freedom fighters etc. and residences allotted to Members of Parliament from the Lok Sabha/Rajya Sabha pool.

4.31 Additional licence fee is to be charged in cases where additions/alterations, involve increase in covered area only. In cases where additional amenities i.e. provision of wash basin or sink etc. are only involved, no additional licence fee is to be charged. The Superintending Engineer/Executive Engineer/ Assistant Engineer while according permission shall simultaneously indicate the additional licence fee to be charged and also the date from which to be charged under information to Estate Office.

4.32 While submitting estimates for additions and alterations to various residential buildings owned by the Government, capital cost thereof should invariably be furnished in the forwarding letter along with the following information:

(i) Complete justification for each item of additions and alterations, desired by the requisitioning authority with comment on the necessity or otherwise thereof.

(ii) It should be specifically indicated whether such work has already been carried out in any other residence of the same type and if so agreed by the Ministry. Reference in such cases should be quoted.

(iii) Whether acceptance of the proposal is likely to have repercussions.

(iv) In the case of residence of M.Ps it should be clearly stated whether the proposal has the approval of the Housing Committee.

(v) Whether the proposed additions and alterations will result in increases of the prescribed scale of that item. The existing number or area, sanctioned scale for similar type or house and maximum or minimum number or the area of requirement provided else-where should also be supplied.

(vi) If the additions and alterations result in increase of the plinth area, what will be the additional licence fee. In such cases, pay of the Officer occupying the house and the pooled standard licence fee of the house may be indicated.

4.33 In addition, the information as referred to in para 4.2 above should also be furnished while forwarding the estimate to indicate availability of funds to finance the proposal.

4.34 Where a portion of the house/premises is required to be demolished, the estimate should provide for the cost of dismantling. Credit for the value of dismantled materials should be given to the estimate and report of the estimate

should contain proposals for utilising the useful materials obtained from the dismantled material and for disposal of unserviceable items.

4.34.1 The DG(W) is empowered to approve estimates involving changing of the existing cables and augmentation of service connection capacity for enhanced load in residences in respect of the following categories upto Rs.1 lacs.

- (a) Ministers,
- (b) Judges of Supreme court/High Court,
- (c) Members of Parliament,
- (d) Secretaries/Addl.Secretaries & equivalent officers.

No power is delegated to officers below the rank of DG(W). The cases of above, the financial limit of Rs.1 lac shall be sent to the Ministry for sanction. All estimates shall be scrutinized in the office of the DG(W). This power shall apply where the category wise maximum load is as under:-

- (a) Ministers 30KW
- (b) Judges, MPs and senior Officers of the rank (i) 15 KW for D-1/C-II/C-I of Addl.Secretary & above. (ii) 25 KW for Type VII & VIII bungalows.

The cost of changing the cable in such cases shall be borne by the CPWD and the expenditure to be incurred shall not be counted towards the prescribed ceiling.

Petty works

4.35 In case of new petty works, which do not come under ordinary repairs, a requisition for the same in Form CPWA. 32 is required to be furnished by local head of the Department asking for execution of the same subject to their competence. In case of works of other classes the Officer of the Central PWD proposing the work should fill in the form.

4.36 The Divisional Officer or an Assistant Engineer or Junior Engineer empowered by him to act in such cases will record on the requisition, thus received, his opinion as to what work should be done and give on the face of the requisition a rough estimate in lump sum or otherwise of the probable cost of each item of the work asked for.

Estimates for Road Works

4.37 Projects for the construction of new roads must be accompanied by the following documents:-

- (i) Report, including a brief note on the proposed gradients.
- (ii) Abstract estimate of cost.
- (iii) Index map.
- (iv) A detailed survey and longitudinal section and cross section at suitable intervals, which should show not only the existing ground levels, but also proposed formation levels.
- (v) Quarry charts showing the various quarries from where road metal is proposed to be obtained.

(vi) Drawings of all masonry, concrete, iron or timber works in the order in which they occur in the line of the road.

(vii) Detailed estimates sheets.

4.38 Estimate for new lines of road should include the cost of all dwellings and inspection houses intended to be built along it for accommodation of subordinates and others.

4.39 Necessary provision should also be made for shifting of pipe line, drainage and electric poles and cables, telephone lines, if any coming in the way of new alignment.

Estimates for furniture

4.40.1 Estimates for interior decoration, furniture and furnishing shall be prepared based on client requirements.

4.40.2 The cost of furniture in cases of CPWD offices will be chargeable to the contingent grant of the office of Chief Engineers and Superintending Engineers, Divisional and Sub-Divisional Offices as the case may be.

Note: The maintenance of numerical account of office furniture is entrusted to the Superintendents and Head Clerks of the Circle and Divisional Offices. The annual physical verification should be conducted by an AEE/AE and correct certificate should be recorded by the Officer.

4.41 The supply of and repairs to furniture for any of the Government Inspection Bungalows in charge of the Central PWD, Hotels and Hostels managed by Government of India and for such portion of the Civil Airport Terminal Buildings as is intended for public use, will be carried out by the Central PWD. The first supply of such furniture should be charged to the estimate of the building for which the same is required and subsequent repairs and renewals should be treated as repairs to the buildings in question.

4.42 The furniture in the Parliament House, Rashtrapati Bhawan, MPs flats, specified and entitled officers bungalows and residences at Delhi and Guest House at Stations outside Delhi will be provided and maintained by the Central PWD.

4.43 All expenditure on table fans, refrigerators, coolers and furniture etc. stocked by the CPWD for supply to non-residential buildings, MP's Hostels, Circuit Houses, etc. not let out as regular residential accommodation should be debited to the minor head "Furnishings" under the "Major Head 2059 PW "and to "2216 Housing" in respect of residences.

Purchase of buildings

4.44 In case of purchases of built up accommodation to house the offices of Government of India/UT Admn. wherever authorised by the Ministry, separate estimates are required to be prepared after a survey and valuation report of the Executive Engineer is submitted to the Ministry/Administrator and concurrence thereto obtained from Ministry of Finance.

4.45 The maintenance of such buildings will be carried out on the same plinth area rates/ percentages basis as laid down in case of other Government buildings as referred to above.

Repairs to leased and requisitioned properties

4.46 The Government takes on rent/lease or by requisition some buildings if and when considered necessary, for residential and office accommodation. The repair estimate for these buildings should be prepared on the same plinth area rates/percentages basis as outlined above.

4.47 While submitting estimates for repairs or additions and alterations to such buildings, following information should invariably be furnished in the report of the estimate.

(i) Whether or not the building in question is a leased or requisitioned one.

(ii) In case the building is a leased or requisitioned one the following further information should be furnished:

(a) Whether the proposed repairs or additions and alterations are due to Structural defects or not.

(b) Whether or not the land lord was approached and he has consented to Carrying out of the repairs or additions and alterations in question.

(c) If the land lord had not consented to the proposed repairs etc. how the Government is interested in carrying out the proposed work.

(d) Whether the proposed work is inescapable or otherwise and cost of Additions and alterations may be carried out at Government expenses.

(e) What expenditure will be incurred for restoration of the building to its original condition.

4.48 In case of additions and alterations, in such cases if any portion of the building is to be demolished necessary credit for the dismantled materials should be afforded to in the estimate, as done in case of Government Buildings.

4.49 If the land lord refuses to meet the cost of repairs or additions and/or alterations, if any required, non recurring expenditure and recurring expenditure as per powers in Appendix-1 may be incurred by the DGW/CE and expenditure in excess thereto with the approval of the M.O. Urban Development subject to the condition that at the time the building is released, the Government will have the right to remove such installations or material/articles as added to the building/premises.

Hiring of Accommodation

4.50.1 For hiring of all private accommodation required by any Civil Department of the Central Government at Delhi, the Executive Engineer (Licence Fee), CPWD, is the Chairman of the hiring committee, the other members being the concerned Assistant Director of Estates and Assistant Director (Finance), Ministry of UAE. The requisitioning Department shall, in the first instance, apply for a no objection certificate from the Directorate of Estate. On receipt of NOC, the requisitioning department shall apply for fair rent certificate to EE(LF). The EE(LF) shall in turn issue the fair rent certificate. The agreement for hiring accommodation and payment of rent etc. are to be borne directly by the requisitioning department.

4.50.2 For cities like Calcutta, Mumbai, Chennai and Nagpur, similar hiring committees exist and same procedure is followed.

4.50.3 For places where there is a Superintending Engineer (Civil) posted at the station, the rent assessment shall be done by a hiring committee headed by the Superintending Engineer, with the local Assistant Estate Manager of the Directorate of Estate and an Executive Engineer (Civil) co-opted by the Superintending Engineer as members and certificate of reasonable rent shall accordingly be issued by the Superintending Engineer.

4.50.4 In case there is no officer of the Directorate of Estate at the station, the Executive Engineer/Assistant Engineer doing the estate function shall be co-opted as a member. In case, there is no such estate function involved, the Superintending Engineer shall co-opt an Executive Engineer or Assistant Engineer as the second member.

4.50.5 In case there is more than one Superintending Engineer (Civil) at the station, the concerned Chief Engineer shall nominate one of the Superintending Engineers to head the committee.

4.50.6 For all other areas, the rent assessment shall be done by the concerned Executive Engineer (Civil) under whose jurisdiction the building proposed to be hired stands. He may, however, seek assistance of an Assistant Engineer/Junior Engineer (Civil), if needed.

The procedure for calculating rent is given in Annexure - I.

4.51 In cases where the rent is to be paid by the Central PWD due to branch of Estates Directorate being not there, the payment will be made against specific estimates to be prepared for the purpose.

4.52 In case, where the Administrative Departments using such premises hire the houses themselves and request CPWD for issue of certificates as referred to above, they may be charged fees at the rates as are charged by the State Government for the purpose.

Powers for hiring accommodation

4.53 The financial powers of hiring accommodation for Civil Departments of Government of India as delegated to the Central PWD officers are given in Appendix 1.

4.55 Executive Engineers and Superintending Engineers are competent to rent private accommodation for storage purposes, provided the expenditure is within the provision of the sanctioned estimate.

Annexure - I

(Refer Para 4.50.6)

Sub: (1) Assessment/Re-assessment of fair rent relating to private buildings taken on lease by the Central Government Departments.

(2) Authority to issue rent reasonableness certificate.

(1) The reasonable rent shall be assessed according to the following two alternate methods:

(i) On the basis of recognised principles of valuation.

(ii) Rent based on prevailing market rate.

(2) The assessment of rent according to recognised principles of valuation shall be done in accordance with the method prescribed as hereunder:

(i) Workout the reproduction cost of the building as on the date of hiring based on the ruling cost of building construction in the locality.

(ii) Workout the depreciated value of the building assuming a straight line variation of depreciation depending on the age of the building. The date of construction of the building shall be ascertained and depreciation allowed up to the date of assessment taking into account the anticipated total life of the building and keeping in view the specifications adopted for its construction, otherwise the anticipated future life expectancy of the property shall be estimated to work out the overall life expectancy of the building. In working out the depreciation, the residual value of the property shall be taken as 6 percent as is being followed at present.

(iii) Workout land area appurtenant to the building taking into account the local bye-laws. In case no bye-laws exist in the locality, comparison shall be made with the general practice in the locality.

(iv) The cost of the land shall be worked out on the basis of prevailing market rates for comparable land in the locality. Value of the land appurtenant to the building and that for the surplus land shall be worked out separately. The figure representing cost of land shall be ascertained very carefully either from local Revenue Authority or from State Government Agencies. Also, surplus land which does not enhance the utility of the property, e.g. land behind the building, which does not have any access for parking or any other utilization, shall not be considered while assessing the rent of the property. This fact shall be indicated while giving the Rent Reasonableness Certificate.

(v) The cost of the appurtenant land shall be added to the depreciated value of the building to find out the net value of the property for the purpose of working out the return thereon.

(vi) The annual rate of return on the net value of the property referred to in para (v) above, shall be adopted as follows:

(a) In case of metropolitan cities/town, 10% for non-residential use of property and 9% in case of residential use.

(b) In case of other mofussil towns, the above figures shall be taken as 9% and 8% respectively for non-residential and residential use of the property.

(vii) For the surplus land within compound of the property which has the facility of access for parking of which can be utilized for other purposes and if the same is proposed to be taken over along with the building, the percentage rate of return on the said surplus land shall be taken as 9% in case of metropolitan cities/towns and 8% in case of Mofussil towns, both for non-residential and residential use of the property.

(viii) The net annual return on the building and land shall be worked out by addition of the return as worked out in para (vi) and (vii) above.

(ix) The following factors shall further be added to the figure as arrived at in para (viii) above:

(a) Municipal taxes as per actual. If actual figures are not available, municipal taxes shall be assessed based on the ratable value of the property in accordance with the relevant local/municipal bye-laws.

(b) Maintenance and repairs at the rate of 12% of the return on the building including the appurtenant land as arrived at in para (vi) above. If any statutory provision exists in the area binding the landlord to defray certain minimum expenses on maintenance and repairs, the same shall be duly accounted for.

(c) Provision for sinking fund, to be ascertained by reference to standard sinking fund tables or alternatively to be calculated as per standard formula given below:

$$\text{Sinking fund co-efficient (K)} = 0.06$$

$$(1+0.06)^n - 1$$

Where n = residual life of the building in years

$$\text{Annual provision for sinking fund} = 0.94 \times (K) \times (D)$$

Where K = Sinking fund co-efficient as above

D = Depreciated value of the building referred to in para 3 (iii).

(3) In case where the buildings proposed to be hired are built-up space/properties, acquired by private persons, in which cost of purchase includes the cost of the land and thus represents the correct capital cost of the properties, the rent according to the recognized principles of valuation shall be worked out in the following manner:

(i) Wherever information is available regarding acquisition and purchase price of any ready-built property by a Govt. Deptt. or Public Sector Undertaking/Body, in the vicinity of the leased private buildings during the period of assessment/re-assessment of rent, the same may be considered for working out the capital cost of the property (building and land) on the date of assessment, after ensuring that the building under assessment is really similar to the acquired property, not only in terms of specifications but also in terms of FAR achieved, as the proportion of the cost of land will depend upon the FAR achieved, making suitable adjustment for minor differences, if any. Capital cost so worked out shall be subject to depreciation as specified in para 3(ii) above to arrive at the net value of the property. Fair rent shall accordingly be worked out by applying the rate of return as laid down in para 3(vi) above and taking into account the relevant factors as laid down in para 3(ix) (a) to (c) above.

(ii) Where information referred to in (i) above is not available, the usual methods as laid down in para (3) above shall be followed to workout the fair rent according to recognized principles of valuation.

(4) The market rate of rent prevalent in the area shall be ascertained by making inquiries on the rent being paid for properties taken on lease by other government or semi-government organizations like public sector undertakings, public sector banks etc. having similar or near similar accommodation in a comparable locality. The data preferably based on documents taking into account the conditions in the particular lease deed for such premises shall also be kept on record as far as possible. The properties shall be compared on the basis of various parameters like locality, area/size, specifications, amenities, accessibility, open space, surroundings, nearness to railhead etc. to make sure that the conditions of hiring area similar and it shall also be ensured that the factors for which land lord is responsible, like maintenance and repairs and municipal taxes in such cases area on an even keel.

(5) After working out the rents according to the two alternate methods as above, the reasonable rent shall be intimated to the hiring department as under:

(i) If the rent worked out according to the market rate is lower, only market rent shall be intimated as reasonable rent.

(ii) In case the rent according to market rate happens to be higher than the one worked out according to the recognized principles of valuation, both the figures shall be intimated, leaving the final decision to the hiring department.

(6) Re-assessment of rent of the existing leased building shall be treated as fresh assessment and shall be done according to the same method as discussed in the preceding paras. The necessity of re-assessment and their periodicity as well as other attendant conditions shall, however, be governed by the orders issued separately by the Directorate of Estates from time to time.

(7) Cases already finalized on the basis of earlier orders shall not be reopened.

(8) Authority competent to issue the certificate of reasonableness of rent shall be as follows:

(i) Delhi: The rent assessment shall be done by a hiring committee, headed by EE (LF), office of CE (NDZ) I, CPWD, Nirman Bhawan, with an Assistant Director of Estate from Directorate of Estate and AFA (E), Finance Division, Ministry of Urban Development, Nirman Bhawan as members and certificate of reasonable rent shall accordingly be issued by EE (LF).

(ii) Places where there is a Superintending Engineer (Civil) posted at the station:- The rent assessment shall be done by a hiring committee headed by the Superintending Engineer, with the local Asstt. Estate Manager of the Directorate of Estate and an Executive Engineer (Civil) co-opted by the Superintending Engineer as members and certificate of reasonable rent shall accordingly be issued by the Superintending Engineer.

In case there is no officer of the Directorate of Estate at the station, the Executive Engineer/Asstt. Engineer doing the estate function shall be co-opted as a member. In case, there is no such estate function involved, the

Superintending Engineer shall co-opt an Executive Engineer or Asstt. Engineer as the second member.

In case there is more than one Superintending Engineer (Civil) at the station, the concerned Chief Engineer shall nominate one of the Superintending Engineers to head the committee.

(iii) All other areas: The rent assessment shall be done by the concerned Executive Engineer (Civil) under whose jurisdiction the building proposed to be hired stands. He may, however, seek assistance of an Asstt. Engineer/Jr. Engineer (Civil), if needed.

SECTION 6

Miscellaneous

Expenditure on Survey Work

6.1 Where survey of site and/or digging of trial pits or the work of load bearing capacity and sub-soil observations are required to be undertaken before proceeding with the main project, the expenditure on these items should form part of the main project. In case, however, the project is abandoned as a result of these trials and examinations, the expenditure incurred on survey works etc. should be treated on the same line as for abandoned works.

Expenditure on Exhibitions

6.2 In cases of exhibitions held anywhere, the Director General (Works)/Chief Engineer is empowered to incur expenditure upto a limit given in Appendix-1 in each case in connection with participation of the Central P.W.D. in it.

Expenditure on Inauguration

6.3 In case of foundation stone laying or opening ceremonies of Government Projects, the expenditure should be restricted to items like foundation stone, erection and hire of Pandals, lighting arrangements, light refreshments such as tea, coffee or cold drinks and other incidental items. The Director General (Works)/Chief Engineers are empowered to sanction such expenditure upto a limit given in appendix-1 on each occasion. This expenditure shall be met from the contingent grant of the Establishments concerned, as the case may be.

Register of Buildings

6.4.1 Every Division should maintain a Register of Buildings upto date. The Executive Engineer should certify to that effect at the end of every financial year after ensuring that necessary additions in the cost and in structures are made upto date. This certificate should be furnished by him to the Superintending Engineer every year in the month of July.

6.4.2 The Superintending Engineer, during his inspection of the Divisional Office, should examine this register to verify that it is being posted and maintained upto date.

Safety of Buildings/Structures

6.5 All buildings/structures are required to be inspected once a year by the Assistant Engineer-in-charge to ensure that the building/structure is not unsafe for use. In case of electrical and other installations, the Assistant Engineer (Electrical) should inspect the same and record a certificate to that effect. The Junior Engineers are also required to inspect such buildings/structures twice a year and record certificates to that effect.

6.6 In case of any deficiency found in the building/structure necessary report should be made to higher authorities and immediate steps taken to get the same inspected by the Executive Engineer and further action taken to remedy the defects. The Divisional Officers will also inspect important buildings/structures once a year. He shall bring to the notice of his Superintending Engineer, cases where he has reasons to doubt the structural soundness of any building/structure and the latter will take such action as he considers necessary.

6.7 In case of any deficiency found in the important buildings like Prime Minister's House, Cabinet Ministers' House, Vice-President's House and houses of other V.I.Ps, report about unsafe condition of the house should always be sent to the Chief Engineer, who will route it through the Ministry to the Department/Ministry concerned, if required, with his recommendations and proposal for repairs, if any for disposal of the building.

6.8 In case it is decided to demolish such unsafe building, it should be disposed of without land by auction under the powers vested in competent authorities as indicated in Appendix 1.

Disposal of Govt. Buildings

6.9.1 No Government buildings, built or purchased, should be disposed of by sale or demolition unless it has previously been ascertained that it is not required by any Department of the Government and/or it is in dangerous condition and/or beyond economic repairs or it is necessary to vacate the site on which it stands for constructing a more important Government building or structure.

6.9.2 The powers for sale or dismantlement of public buildings are given in Appendix 1.

6.9.3 Ministry of External Affairs shall have the powers to sanction sale and dismantlement of Public Buildings abroad, the book value of which does not exceed rupees one crore.

6.10 When a building is proposed to be dismantled, a survey report should be prepared and submitted for approval of the authority competent to sanction sale or dismantlement of the building. Where the approval of the Government of India to the proposal of demolition of the building is necessary and such approval in principle has been obtained, Director General (Work)/ADG/Chief Engineers are empowered to sanction the survey reports for write off of such buildings.

Fixing Reserve Prices

6.11 After the survey report has been sanctioned, the Director General (Works)/ADG/Chief Engineers will in all cases fix the reserve price on assessed salvage value of the dismantled material only.

6.12 Purely temporary structures erected during the construction of a work may, on the completion of the work or when the purpose for which the same were erected has been served, be sold or dismantled under the sanction of the Executive Engineer who has been entrusted with full powers. If the structure is proposed to be sold without land, the Executive Engineer should fix the reserve price, taking into consideration the life and condition of the structure and other local conditions subject to the minimum as laid down in para 6.11.

Powers for acceptance of tenders for disposal of government buildings

6.13 The buildings should be disposed of by call of competitive tenders after giving wide publicity. The financial powers of the authorities competent to accept the highest tender are given in Appendix 1.

6.14.1 In case of emergency, buildings, instead of being disposed of by call of tenders, may be dismantled departmentally with the specific approval of the Director General (Works)/Chief Engineers and useful materials obtained after

dismantlement should be recorded in the Measurement Book and taken on stock. A certificate about disposal of useless materials should invariably be recorded.

6.14.2 All cases, in which the write off is not within the competence of the DGW/Chief Engineer and where the building is disposed off in a manner other than by call of tenders, should be reported forthwith to the Government of India in the Ministry.

Consultations with Deptt. of Archaeology

6.15 In case of constructions of any modern structure at or in close proximity to any protected monument, the Senior Architect and Superintending Engineer/Executive Engineer should consult the Department of Archaeology invariably prior to framing the designs for the proposed structure.

6.16 No ancient monuments should be demolished in the set up and construction of new townships, colonies and extensions to the present structures, wherever such monuments exist without consulting Archaeological Department.

6.17 No religious edifice should be destroyed or injured in the execution of works without the full and free consent of the persons/institutions interested in it nor without the concurrence of the principal Civil or Political authority on the spot, within whose jurisdiction such edifice stands.

Engaging Consultants

6.18 DG(W) has full powers to engage consultants. DG(W) can also delegate this power to ADGs- Appendix 1.

Chapter II

Work Accounts

SECTION 7

Measurement Books

General

7.1 Expenditure on the construction or maintenance of a work may be divided broadly into two classes viz. (i) Cash (ii) Stock Charges. In addition to the main charges, there are other charges affecting the cost of work. For example there may be charges incurred in other Divisions, Departments or Government, materials received from them or services rendered by them, or there may be cash receipts such as are taken in reduction of expenditure in accordance with the rules. To account for all these charges affecting cost of work, separate accounts are maintained in Sub-Division/Divisional Offices for recording (i) the cost of individual works and (ii) the transactions of individual Contractors/Suppliers. These are known as works accounts. The accounts of manufacture operations and non-government works are maintained in the same manner as for Govt. works (Refer to para 10.1.1 of CPWA code).

7.2 Cash charges of works consist of payments to (i) labourers and members of the work-charged establishment of their wages and (ii) contractors and others for work done or other services rendered. The cost of materials procured specially for work is charged to the accounts of works by transfer credit to the "Material Purchase Settlement Suspense Account" . The payments to suppliers are governed by the same rules as payments to contractors for work done (Refer para 10.2.1 of CPWA code).

7.3 The payments to the work charged staff are made monthly in the same manner as it is made to the regular staff but on a different bill form CPWA 29 and are charged direct to the work on which the labour is actually employed.

7.4 The payments to contractors and others for the work done or other services rendered are made on the basis of measurements recorded in the Measurement Book. Subsidiary instructions regarding maintenance of the measurement books including standard Measurement Books and review of measurement books are given in subsequent paras here under.

Writing of Measurement Book

7.5 The measurement book is the basis of all accounts of quantities whether of works done by Contractors or by Labourers employed departmentally or materials received. It should be so written that the transactions are readily traceable.

7.6 These books should be considered as very important accounts records and maintained very carefully and accurately as these may have to be produced as evidence in a court of law, if and when required.

7.7 All the Measurement Books belonging to a Division, should be numbered serially. A register should be maintained in form CPWA 92 showing the serial number of each book, on receipt, Sub-Division to which it is issued, the date of issue, date of its return to the Divisional Office and date of its record after the required review in the Divisional Office has been completed.

7.8 A similar register should be maintained in the Sub-Divisional Office showing the names of person i.e. Assistant Engineer/Assistant Executive Engineer and Junior Engineer whom the measurement books are issued.

7.9 The Books, no longer to be used in the Sub-Division or with the Junior Engineer should be withdrawn promptly even though not completely written up and re-issued.

7.10 The Measurement Books are required to be reviewed by Divisional Accountant under the supervision of Executive Engineer. The Assistant Engineers are required to submit the Measurement Books in use in the Sub-Divisions to the Divisional Office, from time to time, so that at least once a year the entries recorded in each of the Books are subjected to a percentage check. The Divisional Officer should ensure that this annual review is conducted regularly and positively every year.

7.11 When an Assistant Engineer or Junior Engineer in charge of the work or stores is transferred he should hand over the Measurement Books issued to him to his successor and these should be shown as received back from him and re-issued to the relieving Officer. The transfer should also be recorded in the Measurement Book after the last entry in each book under dated signature of the relieving Officer and relieved Officer.

Recording of Measurement

7.12 Each set of measurements to be recorded should commence with entries stating:-

- (i) In the case of bills for works done:
 - (a) Full name of work as given in the agreement/Estimate.
 - (b) Situation of work.
 - (c) Name of contractor.
 - (d) Number and date of agreement.
 - (e) Date of written order to commence work.
 - (f) Date of actual completion of work.
 - (g) Date of recording measurements.
 - (h) Reference to previous measurements.
- (ii) In the case of bills for supply of materials:
 - (a) Name of supplier.
 - (b) Number and date of supply order/agreement.
 - (c) Purpose of supply in one of the following forms as applicable to the case.
 - (i) Stock (for all supplies for stock purpose).
 - (ii) "Purchase" for direct issue to the work (full name of the work as given in the estimate may be mentioned).
 - (iii) "Purchase" for (full name of work as given in estimate) for issue to contractor on..... :
 - (d) Date of written order to commence the supply.

- (e) Date of actual supply; and
- (f) Date of recording measurements.

7.13 A suitable abstract should then be prepared which should collect in the case of measurement for works done, the total quantities of each distinct item of work relating to each sanctioned sub-head. The measurement books meant for this purpose contain pages in singleton. Details of quantities, rate and amount of each item for every bill are entered in this Measurement Book in a tabular form.

7.14.1 For recording measurements and also for preparing abstract, the agreement item No. both in words as well as in figure should be given neatly, instead of writing the description of the item in full or in abbreviated form which would not be necessary.

7.14.2 In case of extra/substituted item of work that is not covered in the agreement, the full nomenclature shall be reproduced in the M.B. and the bill form.

7.14.3 The full nomenclature of the items shall be adopted in preparing abstract of final bill in the measurement book and also in the bill form for final bills.

7.15 If the measurements are taken in connection with a running contract, a reference to the last set of measurements, if any, should be recorded. If the entire job or contract has been completed, the date of completion should be duly noted in the prescribed place. If the measurements taken are the first set of measurements on a running account, or the first and final measurements, this fact should be suitably noted against the entries in the Measurement Book and in the latter case, the actual date of completion should be noted in the prescribed place.

7.16.1 All measurements should be recorded neatly in the Measurement Book. The signature of the contractor or his authorised representative should be obtained in the measurement book for each set of measurements.

7.16.2 Clause 6 of Clauses of Contract in General Conditions of Contract 2001 which provides that before taking any measurement of any work, the Engineer-in-Charge or a subordinate deputed by him shall give 3 days notice to the contractor. If the contractor fails to attend at the measurements after such notice or fails to countersign or to record objection within a week from the date of measurement, then the measurements recorded in his absence by the Engineer-in-Charge or by the subordinate deputed by him as the case may be shall be deemed to have been accepted by the contractor.

It happens that sometimes when the measurements recorded by the Junior Engineer are not accepted by the contractor, the fact is not brought to the notice of his superior officers i.e. Assistant Engineer/Executive Engineer immediately with the result that prompt action under clause 6 of contract form CPWD 7/8 cannot be taken. The idea of clause 6 is to bind the contractor to file objection, if any, on his side to the measurement recorded by the Departmental Officers within a definite period so as to avoid any disputes later on. It has been decided that in all cases of works executed on contract forms CPWD 7/8, when the contractor fails to attend at the time of measurements or to countersign the measurement books in token of his having accepted the measurements recorded therein, or to record the difference, the Junior Engineer/Assistant Engineer taking the measurements should report this fact within 72 hours to the Assistant Engineer/Executive Engineer, in writing. The latter on receipt of such a report

should take immediate action under clause 6 ibid and inform the contractor, in writing that the measurements as taken by the Junior Engineer/Assistant Engineer are final as per clause 6 of form CPWD 7/8 and no claim whatsoever on this account shall be entertained.

7.17 The measurements shall be recorded in ink. No entry shall be erased or overwritten. If a mistake is made, it should be corrected by crossing out the incorrect words or figures and inserting the correction, the correction thus made shall be initialled and dated by officer recording/checking measurements. The person recording the measurements should record a dated certificate "Measured by me" over his full signature in the Measurement Book.

7.18 The pages of the MBs should be machine numbered. Entries should be recorded continuously and no blank page left or torn out. Any pages or space left blank inadvertently should be cancelled by diagonal lines, the cancellation being attested and dated.

7.19 When any measurements are cancelled or disallowed these must be endorsed by the dated initials of the Officer ordering the cancellation or by a reference to his orders, initialled by the Officer who made the measurements, the reasons for cancellation being also recorded.

7.20 On completion of the abstract, the book should be submitted to the Sub-Divisional Officer who after carrying out his test check should enter the word "Check and bill" with his dated initials. The Sub-Divisional Clerk should then check the calculation of quantities in the abstract, and the bill in case of work carried out by contract, and should then place the measurement book and the bill before the Sub-Divisional Officer who, after comparing the two, should sign the bill and the measurement book at the end of the abstract. From the measurement book all quantities should be clearly traceable into the documents on which payments are made. When a bill is prepared for a work or supplies every page containing the detailed measurements must be invariably scored out by a diagonal red ink line. When the payment is made, an endorsement must be made in red ink, on the abstract of measurements, giving a reference to the number and date of the voucher of payment.

7.21 Any corrections to calculations or rates made in the Sub-Divisional or Divisional Office should be made in red ink and brought to notice of the Sub-Divisional Officer or the Divisional Officer, as the case may be and of the person recording the original measurements. In the case of final bills, payment should be deferred until the corrections have been accepted by the person making the measurements. All corrections made by the clerical staff should be in red ink.

7.22 When work which is susceptible of measurement is carried out by daily labour, similar plan should be adopted, the quantities of work done as shown on the Muster Roll being compared with the entries in the Measurement book before payment is authorised.

7.23 Measurement books should be sent only by Registered post or by Special Messenger.

7.24 Measurements should be recorded only by Executive Engineer, Assistant Executive Engineer, Assistant Engineer or Junior Engineer in-charge of the work and to whom the Measurement Book has been issued for this purpose.

7.25 All items of work in a project irrespective of their cost, shall be measured and recorded by the Junior Engineer-in-charge of the work. It is, however, open to the Assistant Engineer/Assistant Executive Engineer to record measurements for any particular item of work himself.

7.26 In case of works of repetitive type detailed measurements of 20% of the total number of units, subject to a minimum of 20 Units, need only be recorded.

7.27 In case of supply of steel, the measurements should be recorded.

(i) On actual weight basis for bars upto 10 mm dia and

(ii) On standard sectional weight basis for bars above 10 mm dia. In the case of latter the measurements should indicate the total number with length of bars in each bundle, total number of bundles, standard weight running meter weight, of each bundle, total weight of all bundles etc. The entry should not be a copy from the invoice issued by the firm. The issues will also be made in the same manner in the two cases.

Test checking of Measurements

7.28 The Assistant Executive Engineer/Assistant Engineer must satisfy himself before passing a bill for payment or before submitting it to the Divisional Officer for payment that the work or supply billed for has actually been carried out/completed in accordance with the terms and conditions of the contract. He should personally inspect all works of any magnitude before authorising final payments in connection therewith.

7.29.1 In addition to the above, he is required to check measure the works in his charge as below: For the purpose of test check, "measurements" means the "corresponding monetary value of measurements of work done." This, however, does not apply to "Levels" in which case the test check has got to be based on the number of levels recorded.

7.29.2 In case of works at headquarters of the Sub-Division, he should check measure not less than 50% of the value of the measurements recorded by his Junior Engineer before any running/final bill is paid.

7.29.3 In case of works outside headquarters of the Sub-Division, the Assistant Executive Engineer/Assistant Engineer should check measure upto 50% of the value of work done and before preparing final bills or before making payment of alternate running/final bills.

7.29.4 While test checking the work, the Assistant Engineer (Electrical)/Assistant Executive Engineer (Electrical) should test check 100% of all items of at least one unit, taken at random, besides test checking isolated and individual items in other units to bring the total extent of check measurement to the desired limit of 50% of value of work done.

7.30 In the case of works, outside the headquarters of the Sub-Division, costing upto the limit as per Appendix-1, check measurements by the AEE/AE need not be insisted upon. He will, however, have to accept general responsibility for the correctness of the bill as a whole.

7.31.1 The EE should test check 10% of the measurements recorded by his subordinates at least every alternate bill for works at his headquarter and at least every third bill for works outside his headquarter. In respect of final payment of works, depending upon the limits prescribed in Appendix-1 for works

at and outside the headquarters of the Division, the EE may, in his discretion, authorise payment without any test check by him. He will, however, have to accept general responsibility for the correctness of the bill as a whole.

7.31.2 Test check of the Executive Engineers shall also include at least 10% test check of the measurements of RCC items so as to ensure structural safety of building.

7.32.1 In the case of receipt of steel the EE shall test check 10% of the total consignment received, in a month. Any consignment test checked by EE should be checked by him 100%. Permitted variation between the quantities as per suppliers bills and as received and accounted for in stock account, is 0.5% in the steel bars upto and including 12 mm dia and 1% in the case of steel bars of higher dia.

7.32.2 If in any consignment the variation on lower side exceeds the aforesaid limits, 100% check of the measurements by Executive Engineer shall be carried out and detailed investigation into the reasons for the shortage recorded.

7.33 In case of road work when consolidated tenders have been called :

(i) The stacks shall be uniformly distributed along the road. The collection of stone metal shall be completed for the entire work or for complete length of 1 km or as directed by the Engineer-in-Charge and measured before the work of laying and consolidation is taken up in hand.

(ii) The AE must check 50% and the Executive Engineer 10% of the supply of materials in each length of 1 km before the work of laying is started.

7.34 The individual items checked should be clearly shown in the Measurement book and the result recorded by the officer concerned. The items thus checked should be attested by the dated initials of the checking Officer.

7.35 A collective record of all the check carried out from time to time will be prepared in each measurement book in the following tabular form :-

- (i) Date of check.
- (ii) Page recording measurements subject to test check.
- (iii) Value of measurements checked.
- (iv) Result of the check exercised.
- (v) Dated initials and designation of the checking officer.

The result will be indicated by the word "Satisfactory" or "Unsatisfactory" as judged at the time on merits of each case.

Recording measurements for Earth levelling work

7.36 In case of levelling operations and earthwork, measurements are required to be recorded in level books in addition to Measurement Books. The level books should be numbered accounted for and handled like Measurement Books.

7.37 Before starting the earth work, the following steps should be taken:-

(i) Original ground levels should be recorded in the level book in the presence of the contractor,

(ii) A suitable baseline should be fixed with permanent masonry pillars @ 150 metres to provide a permanent reference line,

(iii) Circuit should be closed by taking final levels of the starting point or any other point, the R.L. of which was previously determined,

(iv) Plans showing initial levels, location of bench marks and reduced levels, should be prepared and signed by both the parties and attached to the agreement. Work should be done according to the Specification.

7.38 The Assistant Executive Engineer/Assistant Engineer should exercise test check at least to the extent of 50% and the Executive Engineer at least to extent of 10% where the value of this item of work exceed the limit given in Appendix-1. The test check of the levels should be carried out independently by each officer and readings should be recorded in the prescribed level book in the red ink against the old levels which should be neatly scored out wherever necessary. If the test checking carried out reveals serious mistakes in the original levels, these should be taken or retaken and rechecked. The test check by an Officer should be as representative as possible for the entire work done.

7.39 On completion of work, the levels should again be recorded in the level book and the contractor's signatures obtained. These levels should also be test checked by the AE/AEE/EE to the same extent as indicated above within one month of the date of completion of the earth work and according to the procedure as laid down in the case of initial levels as indicated above. The formation levels as per final execution of the work should be compared with the proposed formation levels and work got rectified within permissible tolerance.

7.40 Every fourth running bill and the final bill should be paid on the basis of levels.

7.41 Intermediate payments can, however, be made on the basis of borrow pit measurements. The Executive Engineers should take care that the quantities thus assessed are not in any case more than the actual work done.

7.42 In case of large scale levelling works involving both cutting and filling, an accurate site plan should be prepared before the work is commenced. The portions requiring cutting and filling shall then be divided into squares and corresponding squares into filling, which are complementary to the squares in cutting given the same number. A table may be written upon the plan showing leads involved between the various complementary squares. This would form a lead chart for the work to be done. Before the work of levelling is commenced, the lead chart shall be checked by a responsible officer of the department not below the rank of an AE/AEE in presence of the contractor or his authorised representative and his signatures shall be obtained on the same. This should form an integral part of the contract and should be duly signed by both the integral parties before commencement of the work. The quantity payable for earthwork shall be lower of the quantity derived from cutting or filling. The payment for lead shall be based on lead chart prepared in the aforesaid manner.

7.43.1 In case of earth to be imported, the area from where the earth is to be imported, should be carefully predetermined before the start of the work and wherever feasible, average lead should be worked out and stipulated in the tender. After this is determined, initial levels of this area should be recorded along with the initial levels of the area to be filled. The levels should be properly checked during the progress of work and on completion, measurements of earth work should be recorded in both places to determine correctly the earth excavated and carted. Payment for the earth work shall be made on the basis of

the lesser of the quantity in filling or cutting. Distances between the two places should be measured correctly which should also be test checked.

7.43.2 In respect of import of sweet earth required for horticulture operations, the quantity of good earth required is vary small and there is no single source from where the agriculture soil is readily available. Also, good earth is lifted by contractors for different works from the same source and as such it is not possible to take levels of the area from where the earth is imported. However, Provision of 7.43.1 will not apply in respect of Horticulture works. The payments in such cases will be made on the basis of levels of the area where earth is to be filled.

7.44 Similar procedure as in para 7.43.1 should be followed while recording measurements of disposal of earth.

7.45 In case of small works, borrow pit measurements and stack measurements of earth may be recorded indicating clearly the place of borrowing or disposal, as the case may be so that the distances can be verified.

Review of Measurement Books

7.46 All the Measurement Books in use in a Division should be collected once in the month of September each year for review by the Divisional Accountant in the following respects:-

(i) To compare the books in use with part I of the register of measurement books maintained in CPWA form 92 and to note necessary corrections in the register.

(ii) To see that no original sheet is torn out of a book nor any entry erased or disfigured and that the corrections made therein are initialled.

(iii) To see that pencil entries are not inked over.

(iv) To test check the accuracy of calculations and to ensure that the instructions regarding writing of measurement books, recording of measurements and their test check are being followed properly.

7.47 On receipt of the Measurement Books in the Divisional Office, the Executive Engineer should indicate in column 2 of the "Review Notes" in each measurement book as referred to in para 7.48 below as to which of the calculations are test checked by the Divisional Accountant. The extent of this check will be determined by the Executive Engineer having regard to the result of the last review and should cover complete set of measurements. Payments based on the entries reviewed should be traced into various accounts and verified. Similarly, supplies or issue of materials should be traced into the various accounts, and contractor's ledger etc. and verified.

7.48 The defects, discrepancies, etc. noticed should be communicated to the AEE/AE concerned and summarised in the following form in the measurement book, which has been test audited:

Review Notes by Divisional Accountant

7.49 The Measurement Book completed and returned for record during the year should also be similarly examined prior to their final record in the Divisional Office.

Loss of Measurement Books

7.50 When a measurement book is lost, an FIR should be lodged with the police. An immediate report of the facts of the case together with an explanation of all parties concerned responsible for the loss should also be made promptly to the Chief Engineer, who is empowered to sanction the write off of the lost Measurement Books. Such losses for write off should be reported in the proforma as at Appendix 9. It is also necessary that the measurements in the lost M.B should be re-constructed at the earliest.

SECTION 8

Standard Measurement Books

Purpose

8.1 The standard measurement books are maintained to record the measurements of permanent standing in a building and are required to be brought upto date from year to year on the basis of additions etc. to be made to the building during a year. These are used for preparing the repairs estimates and contractors' bills for such repairs so as to avoid taking detailed measurement on each occasion.

8.2 The Standard Measurement Books shall be prepared after the completion of the work by the construction Division which has executed the work. The preparation of these books will ordinarily be undertaken in accordance with the programme for each sub-Division or such other suitable unit as may be fixed by the Divisional Officer. All drawings, Standard Measurement Books etc. should be properly documented before handing over the building.

8.3 All the Standard Measurement Books should be on CPWA form 23-A and should contain pages in singleton. They should be numbered in an alphabetical series so as to be readily distinguishable from those assigned to ordinary Measurement Books.

8.4 These will be accounted for in the same manner as ordinary Measurement Books in a register in Form No CPWA 92 (part II).

8.5 A similar register will be maintained in each Sub-Division showing the books belonging to it and reviewed as done in case of the ordinary measurement books.

Writing of Standard Measurement Books

8.6 These Measurement Books should be written legibly in ink and certified as correct by Executive Engineer. These should be maintained very carefully and accurately as they may have to be produced as evidence in a Court of Law.

8.7 The Standard Measurement Books should either be written by the (AE/AEE) himself or a Junior Engineer under his orders. Each set of measurements taken by the Junior Engineer should, however be fully checked by the Assistant Engineer/Assistant Executive Engineer after which it should be examined by the Executive Engineer and declared in writing in the book itself as finally approved by him for the purposes of preparing annual repair estimates and contractors' bills for the work done. Until this is done the book will not be assigned a number and will not be entered in the register of Standard Measurement Books.

8.8 The Standard Measurement Books will be brought upto date under the supervision of AE/AEE with reference to the building or work concerned within one month of closing of the accounts of the estimate therefor. All such corrections will be attested by the AEE/AE and approved by the Executive Engineer.

Check by Superior Officers

8.9 The Executive Engineers are also required to exercise a check over the completion of Standard Measurement Books from time to time by personally examining each book at least once a year. To this end, the programme of work should ordinarily be as follows:-

(a) As soon after the close of the official year as possible, the AEE/AE concerned will arrange for a personal examination of these books with a view to satisfying himself that they have been brought up-to date with reference to the additions, alterations or special repairs carried out in the building or works during the preceding year and ensuring their submission on such dates as may be fixed for the purpose for the inspection of the Divisional Officer.

(b) On receipt in the Divisional Office, the books will be compared with the register of Standard Measurement Books in order to ensure that all books have been submitted for inspection. These will then be subjected to such scrutiny as the Divisional Officer may direct. A comparison of these books with the accounts of expenditure and the record of connected measurements relating to estimates for additions/alterations or special repairs to building and works in the Division should however form a feature of the check to be applied.

8.10 A record of the results of the scrutiny referred to above should invariably be retained and produced, if required, during the inspection of Superintending Engineer/Audit/Accounts Officer.

Submission of Certificates

8.11 A report should be made to the Superintending Engineer, so as to reach him not later than the 31st July of each year with copy endorsed to the concerned Accounts Officer certifying in clear terms:-

(i) That all the standard measurement books of the Division have been inspected by the Executive Engineer.

(ii) That the entries made therein have not been tampered with.

(iii) That all corrections due to additions or alterations to the building or work concerned have been carried out, and.

(iv) That the books are reliable with upto date records.

8.12 When a payment is based on Standard Measurements, the following certificate should invariably be recorded on the bill, in his own handwriting, by the AE/AEE, preparing, examining or verifying it :

"Certified that the whole of the work billed for herein has been actually done and that no portion thereof has been previously billed for in any shape."

SECTION 9

Preparation, Examination and/or Verification and Passing Bills for Payments

Preparation of Bills

9.1 The contractor is required to prepare the bill, in one of the forms prescribed, as applicable in each case, for the work done by him and submit the same to the Sub- Divisional Officer.

9.2 Before the bill of a Contractor/Supplier is passed, the entries in the Measurement Book relating to the description and quantities of work/supplies should be scrutinised by the Assistant Engineer/Assistant Executive Engineer and calculations of "Contents or Area" should be checked arithmetically under his supervision. The bill should then be checked, passed and paid in the office of the Executive Engineer from the measurement book entries.

9.3 Full rates, as per agreement/supply order should be allowed only if the quality of work done or supplies made conforms to the specification of that standard and under the agreement it is permissible to make a final payment, if the contract is determined, or an on account payment, if the contract is to run, on a part rate as considered reasonable should be allowed with due regard to the work remaining to be done and general terms of the agreement, after getting the part rate statement approved from the bill passing authority.

9.4 In case of supplies, the payment is not permissible until the stores have been received, examined and accepted. In case payment has been permitted on production of despatch documents etc. the payment should be treated as advance against the final settlement on receipt, examination and acceptance of the stores.

9.5 If the contract is for a completed item of work and the contractor is required to obtain materials of any description from Government, necessary recoveries on account of the cost of the materials supplied to him from Government stores should be effected from each bill at the recovery rates fixed for the purpose.

Forms of Bill for payment and vouchers

9.6 The authorised forms of bills to be used for payment of contractors/suppliers and their utility are described below :-

(a) First and Final bill form should be used for making payments both to contractors for work and to suppliers, when a single payment is made for a job or contract i.e. on its completion. A single form may be used for making payments to several payees, if they relate to the same work/section of work or to the same head of account in the case of suppliers and re-billed for at the same time.

(b) Running Account Bill, form 26- This form is used for all running and final payments to contractors and suppliers (other than those relating to lump sum contracts for which forms 27A and 27B are prescribed), including cases where advance payments are proposed to be made or are already outstanding in respect of the same work against the contractor. In case where secured advances are to be made or already outstanding in respect of the same work against the contractor, Account of Secured Advances, Form 26A should be attached to the bill.

(c) Hand receipt form 28: This is simple form of voucher intended to be used for all miscellaneous payments and advances for which none of the special forms mentioned above is suitable.

This form is not to be used for refund of lapsed deposits for which forms TR 62 is to be used.

Authorities to pass the bills

9.7 The statement summarising the authorities empowered to prepare, examine or verify and pass the bills after observing the required test check and other formalities are given in Appendix 10.

Payment for work done

9.8 Payment for work done or supplies made on running account should be made periodically on submission of the bill by the contractor/supplier.

SECTION 10

Documentations of Accounts

Bills Register

10.1 The payments made in the Divisional Offices are made on receipt of the bills from various Sub-Divisions. A Consolidated record of all the bills received from the Sub-Divisions in respect of works/supplies should be maintained in one register known as Register of Bills in the Divisional Office in the form given at Appendix-11. The bills should be entered in the register strictly in order of receipt i.e. the bills received first should be entered before the bills received afterwards. The payment of the bills should also be made strictly in order of their receipt. In no case a bill received afterwards should be given priority over the bills which have been received before except under written orders of Divisional Officer. The Divisional Accountant should ensure that the register is properly maintained and kept up-to-date in the Accounts Branch. The register should be submitted to the Executive Engineer every week for his perusal and he will record in the register, cases in which these instructions have not been followed.

10.2 The bills of work charged establishment, muster rolls and establishment bills should not be entered in this register.

10.3 A similar register, as mentioned above, should also be maintained in each Sub-Division in respect of payments to be made by the Assistant Engineer/Assistant Executive Engineer. This register should be kept by the Sub-Divisional Clerk in the same way as the register in the Divisional office and put up to the Assistant Engineer/Assistant Executive Engineer every week.

Contractors Ledger

10.4 The accounts relating to contracts/ supplies should be kept in CPWA Form 43 in a bound book known as "Contractors Ledger". A separate folio or set of folios should be reserved for all the transactions with each contractor/supplier, for whom a personal account should be maintained. The register should be properly indexed.

10.5 A personal account should be opened in the ledger for every contractor, whether or not a formal contract has been entered into with him, unless the work or supply entrusted to him is not important and no payment is made to him, except on a First and Final bill, Form 24, on completion. If only materials are issued to the contractor or any payments are made on his behalf, a ledger account must be opened.

10.6 The Contractors' Ledger should be written up and maintained up-to-date.

10.7 The Ledger accounts should be closed and balanced monthly. The closing balance of each personal account should be detailed so as to show in respect of each separate work or account (stock or purchases) the amount outstanding, if any, under each of the three suspense accounts i.e. (i) Advance payments (ii) Secured Advances and (iii) Other transactions.

10.8 The Divisional Accountant is responsible for correctness of entries in the Contractors' Ledger and balances at the closing of the month. All the personal accounts in the Ledger should be examined to see that (i) the balances do not remain outstanding for a long time without justification, and (ii) bills are prepared at reasonable intervals in the case of running accounts.

10.9 A Contractor requiring a copy of his running account bill or extract from the Contractors' ledger should be supplied the same. He should sign in the ledger in token of his acceptance thereof at the time of payment of each running bill/final bill.

Register of works

10.10 The permanent and collective record of the expenditure incurred in the Division, during a year, on each work is the "Register of Works". This record is maintained in the Divisional Office.

10.11 There are two forms of registers of works (CPWA 40 and 41) corresponding respectively to the two forms of works Abstracts (CPWA 33 and 34 used in the Sub-Division) for Major and Minor Works. The detailed form CPWA 40 should be used for Major estimates and the simpler form CPWA 41 for minor estimates. In respect of petty works requisition and Account Form (CPWA 32) which is self-explanatory. But if desired, expenditure on these works may be recorded in Register of Works for Minor Estimates in Form 41.

10.12 Generally in cases of Major Works, the account of expenditure incurred is maintained in detailed Form 40 of the Register of Works. In case Superintending Engineer or other sanctioning authority so desires, the accounts of minor Works may be kept by sub-heads in detailed Form 40. The Superintending Engineer is empowered to dispense with maintenance of accounts in the Register of Works by Sub-heads in respect of any work, if he considers that the circumstances render such accounts useless or impossible to maintain. In such cases, a copy of such orders should also be forwarded to the Accounts Officer.

10.13 The Register of Works are posted monthly from Works Abstracts. Separate folio or set of folios in Form 40 Register should be assigned to each Major estimate. Entries relating to two minor estimates can be made on a single page in form 41 register.

10.14 The Work Abstracts are required to be maintained in Sub-Divisional Office in a single sheet on each work. These should be sent regularly every month to the Divisional Office for compilation of the monthly accounts.

10.15 Before submission of the monthly account, the registers of works should be completed, reviewed by the Executive Engineer and date initialled by him in token of his having examined the entries and found to be correct.

Materials Account

10.16 In the Central PWD Materials are purchased for maintaining stocks for requirements of various works, original and maintenance and mainly fall in two clauses:

(i) These are issued to Contractors for use on the work in respect of completed items of work for which they have quoted, for both labour and materials.

(ii) These are issued direct to works, when the work is done departmentally or by contractors whose agreements are for labour work only.

10.17 In the cases of issue to contractors in respect of complete items, the materials are issued to work, as stipulated in the agreement, at a fixed issue rate as indicates therein. These rates should include storage and other charges,

where these are issued from stock. The materials other than those stipulated in the agreement should not be issued in such cases without the express authority of the Superintending Engineer, who should specify in each case the "Issue Rate" to be charged for the materials inclusive of delivery at the place where these are stored. Para 25.3.2 may also be referred.

10.18 This restriction may however be waived by the AE/AEE in special cases in respect of petty issues (at full issue rates) from the existing stocks not exceeding Rs. 500/- in any month for any one contract.

10.19 In case of all such issues, it should be strictly observed that supply of the materials to contractors does not amount to giving him financial aid indirectly.

10.20 In case of materials issued direct to Works, its detailed account should be kept in Form 35 i.e. Material at Site account. Only principal items of materials i.e. those items the estimated cost of which exceeds Rs. 2000/- each need be detailed in this account. Both quantities and values of such items should be shown except in respect of carriage and incidental charges for which only values should be shown. All the minor items may be lumped together under the heading "petty items" for which only values should be shown.

10.21 Unused balances of materials charged direct to work should be verified at least once a year and a report of verification of the materials should be sent by the AE/AEE in Form 37 to the Executive Engineer.

10.22 In order to control the quantum of the materials both in receipt and issues, a numerical account of the principal item should be maintained. This should be maintained in respect of works costing more than Rs. 20,000/-.

10.23 A simple numerical account may however be maintained for the minor works and departmental repair works at the discretion of the Executive Engineer, if there is an accumulation of materials for a number of Works.

10.24 Where however, the materials are issued to a work done departmentally or through a contract on labour rates only, the material at site Account should be maintained only if the estimated cost of the work is more than Rs.10,000/-.

Cement Registers

10.25 In respect of registers maintained for account of cement at different work sites AE/EEs should check the register/cement stores as indicated in para 26.4.

10.26 In case of works costing above Rs. 20,000/- situated outside their headquarters, they should always inspect the registers and stores during their respective visits and inspection of the works.

Hire charges of Plant and Machinery

10.27 In addition to the materials issued to the Contractors they are allowed use of Plant and Machinery of the Department at fixed hire rates, and when these can be spared without inconvenience to the department. The hire charges of such Plant and Machinery count from the date these are taken out from the Departmental Workshop or a specific place till the date of their return.

10.28 The rates of hire charges are fixed from time to time. The hire charges are for each day of 8 hours (including one hour lunch break) or part thereof.

10.29 The hire charges will include the idle days except for a major break down necessitating its return to the workshop. In case of any dispute decision of the SE shall be final. Para 27.3 be also referred.

10.30 These hire charges will include services of operating staff and maintenance staff as also the materials required for normal maintenance and repairs. Para 27.3 be also referred.

Dismantled materials accounts

10.31 Like the materials received from other sources and departments, without value, the materials obtained from dismantlement of a building or structure wherever not sold by tender or auction, should be recorded in the measurement book for record purpose, without value. On the basis of these measurements, these should be taken in the register of dismantled materials, in form at Appendix-12. After the entries are made in the register, and duly attested by the AE/AEE, those in the measurement book should be crossed by diagonal red ink line with a suitable note that these materials have been entered in the register.

10.32 A separate folio or set of folios should be kept apart for keeping the accounts of dismantled materials pertaining to each work.

10.33 The materials obtained from dismantlement will be used in the works as far as possible and will be shown as issued to works accordingly in the register. The unserviceable materials should be disposed of in the manner indicated in Sec.46.

10.34 The undisposed balances should be physically verified at least once a year and the result of the verification recorded in the "Remarks Column".

10.35 This register (even for "Nil" transactions) should be submitted by the AE/AEE regularly each month along with the monthly accounts for scrutiny in the Divisional Office. In cases where the JEs are stationed at places other than the headquarters of the Sub-Divisions, separate registers should be furnished by them every month to the Sub-Divisional Office for incorporating in the register maintained in the Sub-Division before its submission to the Divisional Office. After the transactions have been checked by the Divisional Accountant, the Register should be laid before the Executive Engineer for monthly review. The fact of such review should be placed on record in all cases preferably in form 96 (memo of review).

10.36 In no case dismantled materials should be collected on the road berms. If for any reason, it is not found possible to comply with these instructions, in any particular case, written approval of the Superintending Engineer and local authority if any should be obtained.

10.37 The "Empties" i.e. empty drums, tins, bags, and other containers should also be included and accounted for in the Register of dismantled materials.

Losses of Government Assets

10.38.1 All losses of assets in cash or properties should be reported to higher authorities and Audit Officer/Accounts Officer as soon as these come to the notice of an Officer and action taken to investigate into it and apportion the responsibility for the lapses and losses. This includes losses due to shortage and damages discovered during physical verification of stores.

10.38.2 With the exception noted below, any loss or shortage of public moneys, departmental revenue or receipts, stamps, stores or other property held by, or on behalf of, Government caused by defalcation or otherwise including losses and shortage noticed as a result of physical verification, shall be immediately reported by the Divisional Officers through their Superintending Engineer to the Chief Engineer concerned. Executive Engineer should simultaneously endorse a copy to Audit. The Chief Engineer of the Zone will forward the same with his recommendations to the DG(W)/ADG for onward transmission to the Ministry of Urban Development. Petty cases need not be reported to the Audit/Ministry.

10.38.3 If the irregularity is detected by the Audit Officer/Accounts Officer in the 1st instance he shall report it immediately to the EE concerned and if he considers necessary to the Ministry as well. The Accounts Officer shall send his report through the Audit Officer concerned.

10.38.4 Cases involving loss of revenue due to (a) mistakes in assessments which are discovered too late to permit of a supplementary claim being made, (b) under assessments which are due to interpretation of the law by the local authority, being over ruled by higher authority after the expiry of the time limit prescribed under the law, and (c) refunds allowed on the ground that the claims were time barred, need not be reported to the Audit Officer and Accounts Officer. A record should, however, be kept of such cases for examination by the Audit Officer and the Accounts Officer at the time of local inspections.

10.38.5 Petty cases need not be reported to the Audit Officer and the Accounts Officer.

10.38.6 The Principal Accounts Officer of the Ministry shall ensure that the cases are properly pursued and investigated by the authorities concerned. In cases of loss or shortage being due to non observance of prescribed procedure remedial action to amend the procedure should be suggested promptly to the appropriate authorities. Cases involving serious irregularities should be brought to the notice of Financial Adviser/Chief Accounting Authority of the Ministry/Department concerned and the Controller General of Accounts, Ministry of Finance.

10.38.7 All cases involving loss of Government money arising from erroneous or irregular issue of cheques or irregular accounting of receipts and circumstances leading to (enabling) the loss will also be reported to the Controller General of Accounts so that he could take steps to remedy defects in rules or procedures, if any, connected therewith, which might have facilitated the perpetration/occurrence of the act/event.

10.38.8 The reports must be submitted as soon as suspicion arises that there has been a loss they must not be delayed while detailed enquiries are being made. When the matter has been fully investigated a further and complete report should be submitted of the nature and extent of the loss showing the errors or neglect of the rules by which such loss was rendered possible, and the prospects of effecting a recovery.

10.38.9 The report shall be submitted with such comments as may be necessary or expedient, on the causes or circumstances which led to the defalcation or loss, the steps taken to prevent its recurrence and the disciplinary or any other action proposed as regard to the persons responsible.

10.39 When material losses due to suspected theft, fraud, fire etc. occur in any office/installations, such cases should immediately be reported to the Audit Officer/Accounts Officer/Principal Accounts Officer concerned higher officer of the Department. Such cases should be invariably reported to the Police for investigations. The Head of the Department should exercise his discretion in determining at what stage reports should be sent to the Police, keeping in view the fact that the Police investigations will be increasingly handicapped with lapse of time.

10.40 All losses of the assessed value of Rs. 10,000/- and more shall be regarded as "Material" losses excepting the losses due to suspected sabotage. All cases of suspected sabotage should be reported to the Police promptly irrespective of the value of the loss involved.

10.41 The DG(W)/ADG/Chief Engineer/SE are empowered to deal with and write off the losses of stores or of public money as per the powers given in the Appendix-1.

10.42 For all cases exceeding the limit given in the Appendix-1. The case should be sent to the Government for sanction.

10.43 Where the losses occurred due to irregularity arising out of breaches of rules and regulations do not exceed the power delegated to the DG(W)/ADG/CE/SE as the case may be in each case he is empowered to condone the irregularity and regularize such action, provided

(i) He himself is not responsible for the irregularity.

(ii) There has not been any serious negligence on the part of some individual Govt. Officer(s) which may probably call for disciplinary action requiring the orders of a higher authority.

(iii) The irregularity committed does not disclose any defect in the rule or regulations, the amendment of which requires the orders of a higher authority.

SECTION 11

Accounting Procedure for Works Executed by CPWD Outside India

General

11.1 As a general rule all original works and special repairs costing more than Rs. 5,000/- relating to Central Civil Buildings, shall be executed through the agency of the PWD, Central or State or Military Engineering Service. But as an exception to the general rule, original works and special repairs in foreign countries costing upto Rs.Ten lacs under the administrative control of the Ministry of External Affairs can be undertaken without reference to the CPWD subject to the observance of a special procedure prescribed by the Government for the purpose.

11.2 With a view to providing economic aid either under the Colombo Plan etc. or independently the Government of India have been entrusting execution of certain projects in foreign countries to the Central PWD.

11.3 The works in Nepal and Afghanistan were taken up as aid to the Govts. of these countries under Colombo Plan/ITEC.

11.4 For the works executed outside India also, in general the same accounting procedure is followed as is being followed by the CPWD for works in India. Deviation where necessary according to local conditions are approved by the competent authority.

11.5 For certain other project like construction of Embassies in Lusaka, Islamabad and Sri Lanka etc. the CPWD has been providing consultancy services as well as deputing construction management team after obtaining requisite approval from Ministry of External Affairs and Ministry of Urban Development.

11.6 Under the economic aid programme, the land necessary for the projects is provided by the concerned countries free of all encumbrances. The payment of compensation if any and the settlement of claims or disputes arising therefrom is the responsibility of that Government.

11.7 After completion of the projects taken up under aid programme, the concerned Government takes over the project and undertakes to make provision to keep it in proper maintenance.

Procedure for obtaining Finance to meet the expenditure

11.8 Finance to meet the works expenditure are obtained as per the agreement made with the RBI.

11.9.1 The facility of obtaining funds by RBI drafts extended to all the Divisional Officers posted abroad.

11.9.2 The Divisional Officers are required to open accounts in their official name with the local branches of the countries in which they are posted.

Cash Book

11.10 The cash book is to be maintained in Form CPWA I, on the receipt side, and an additional column is to be opened with a heading "Local Bank". On the payment side the column Bank or treasury will be utilised as "Local Bank".

Drawal from Banks

11.11 The amounts received in cash are shown in the cash column and classified under the head of account to which the receipt pertain. The cash receipts can be made use of for current expenditure. If however the cash balance in hand is considered surplus, the amount in excess may be deposited in the local bank classifying such remittances on both the sides of the cash book.

Classification of RBI drafts

11.12 The Divisional Officer who issues RBI drafts for financing purposes should take the amount in the cash column of the receipt side and classify it as RBI remittances. The amount for which the credit is afforded by the Local Bank in lieu of the draft should be entered in the cash column on the payment side and the amount of collection charges charged by the local bank, should be accounted for as "Contingencies" in the cash column of the payment side. The amount credited by the Local bank should also simultaneously be shown on the receipt side in the bank column.

11.13 In respect of the issue of bank draft for making payment to the contractor the amount of the bill as well as deduction should be accounted for all in the usual manner in the cash column and the net amount of the bill for which the bank draft is issued should be taken in the cash column of the receipt side.

11.14 Where the draft is issued in favour of other Divisions for financing purposes or for payment to contractors, the amount of draft should be shown on receipt side in cash column and simultaneously as payment on payment side in cash column the latter being classified as "Transfer between PW Officers".

11.15 The Divisional Officer receiving the RBI draft will enter the transaction in the cash book as indicated in para 12 above and will classify it as "Transfer between PW Officers" on the receipt side of the cash book instead of as RBI remittances.

Accounting and clearance of transactions relating to RBI Draft

11.16 The Divisional Officers should send a monthly statement of RBI drafts in Form CPWA 77B reproduced as Annexure I. The total amount of the draft will be shown in Form CPWA 80 after the existing entry Form CPWA 77. The clearance of these transactions would be effected and watched by Accounts Officer.

Accounting of expenditure on works

11.17 The expenditure incurred on "Works" and "Tools" and Plant ("Machinery and Equipment") will be classified under Head "PAO Suspense" for eventual adjustment by P & AO Ministry of External Affairs under the Budgeted head of account.

Accounting of expenditure on Establishment

11.18 Expenditure on "Establishment" including that on "Contingencies" will be initially classified under "2059 Public Works", but at the close of the financial year, it will be transferred from that Head to "PAO Suspense" for eventual adjustment with Pay and Accounts Officer of Ministry of External Affairs.

Cash balance with the local bank Reconciliation statement to be prepared

11.19 The amount in the "Local Bank" is to be treated as "Cash" for all purposes and shown as such in Form CPWA 80. The detailed break up of the closing cash balance will be given as under:-

Part I Cash in hand.

Part II Amount of Imprest/Advances.

Part III Balances in the Local Banks.

11.20 The balances in the local bank will be supported by a reconciliation memo in the form reproduced below:-

Reconciliation Memo of balance with the local Bank

Amount

Balance with local bank as per Pass Book

Less: Cheques issued but not encashed (A)

Add: Amounts deposited in the local bank but
not accounted for in the cash book (B)

Balance with the Local Bank as per Cash Book

A - Details of Cheques Uncashed

Particulars of cheques

SECTION 12

General Departmental Charges

General

12.1 When in a Public Works Division, works are executed the cost of which is met from sources other than grants for "2059 Public Works", or "2216 Housing". Recovery of the cost of Establishment and Tools and Plant (Machinery and Equipment) should be effected in all cases on a percentage basis, unless there are special order of the Government to the contrary. The percentage should be levied separately for Establishment and Tools and Plant. The percentage so levied shall form the Departmental Charges. The amount of administrative approval accorded, in all cases, shall include departmental charges, wherever leviable, as tabulated below.

The classification of the percentage recoveries of Establishment and Tools and Plant Charges as "Voted" or "Charged" in the accounts of Central Government should be determined with reference to the classification of works expenditure on which the departmental charges are levied and not with reference to the classification of the charges under "Establishment".

Departmental charges on percentage basis

Rates of Departmental Charges

12.2.1 The rates of departmental charges levied by the CPWD on works executed by them are revised from time to time and are given along with their break up in Appendix-13. The expenditure on purchase of vehicles/running and maintenance of jeeps shall be charged to the work concerned direct instead of Machinery Equipment. The rates will not be applicable where specific rates of Departmental charges have been prescribed by the competent authority for specific works.

12.2.2 No D.C. for Government works and those of autonomous bodies fully funded by Central Govt. are to be added while preparing P.E.

(i) This comes into force with effect from 27.9.2001.

(ii) The levy of D.C. on current works including those to be sanctioned will be governed as per provision in the sanctioned estimate.

(iii) It should be ascertained whether an Autonomous Body is fully funded or not by Central Govt. by obtaining a letter from the head of such an undertaking or from the head of finance department of the Undertaking that it is fully funded by the Govt.

12.3 The basis of determining the slab for levying the departmental charges shall be the estimated cost of the work i.e. the amount of expenditure sanction in respect of original works, and the administratively approved amount in the case of minor works where expenditure sanction is not accorded. The estimated cost of repair works is the amount of technical sanction for such works.

12.4 No recovery should be made from Civilian or Commercial Departments or State Governments for preparation of designs or supply of copies of CPWD type designs. The above charges should, however, be recovered from Commercial Departments, Autonomous Bodies and State Governments if plans are specially prepared for them. If the plans are required for reference purposes only, copies of type design may be sold to them on the recovery of the cost of prints only provided an undertaking is given by the organization that if they adopt the designs for construction, normal departmental charges, would be paid by them.

12.5 Fee for preparation of plans and estimates, whether preliminary or detailed, for schemes which do not mature, shall not be charged from the Departments of the Government of India and local bodies who entrust their works to the CPWD as a standing arrangement. Charges shall be levied at the rate of 1.5% and 5 per cent for the preparation of infructuous preliminary and detailed estimates respectively from the private bodies who approach CPWD for the execution of works occasionally as distinct from standing arrangements.

The Public sector undertakings, autonomous bodies and semi-Government organizations, when they approach CPWD for preparation of preliminary plans will have to pay departmental charges, at the rate of 1% of works outlay for the said service. The cost will be worked out on the basis of total carpet area required by the client organization multiplied by a suitable factor to convert it into plinth area and then applying the normal plinth area rate prevailing in the locality. Subsequently, this amount will be adjusted in the overall departmental charges if the project is sanctioned and no major changes are made in preliminary plans.

Levy of charges for works abroad

12.6 It has been decided by the Government of India that departmental charges at the following rates may be levied for departmental works that may be executed in Missions abroad.

(a) In cases where works are executed through the agency of CPWD- Actual expenditure incurred on the executive staff stationed at a particular place including actual travelling and other special allowances. (Including the permissible home leave fares) given to them according to the rules in force in case of India based staff in the particular Embassy, plus actual travelling allowances of the Senior Engineers and Architects visiting the works abroad periodically plus 3% of the building cost as "Direction Charges" to cover services of Architects and Designers and higher supervision.

(b) In other cases where CPWD is associated with the work and assist and advise the local architects.

(i) For preparation of preliminary sketches and estimates @ 1 percent of the estimated cost, plus

(ii) Actual expenditure on executive staff in accordance with sub para (a) above in case of an officer who is sent abroad to advise on various matters, plus

(iii) Actual travelling allowances of the Senior Engineers and Architects visiting the work abroad.

12.7 Expenditure on tools and plant for works abroad should be charged to the Projects concerned, unless a regular unit of CPWD is maintained at the place where the work is being carried out in which case, the expenditure on tools and plant shall be debit to the head "2059 Public Works CPWD Tools and Plant" and usual percentage of departmental charges, as may be prescribed in this behalf from time to time shall be levied on the works concerned.

12.8 The following procedure should be adopted so that the accounts of the works receive debits for all items of expenditure on establishment engaged on works executed in Missions abroad.

(a) In cases where works are executed through the agency of CPWD.

(i) Actual expenditure incurred on the executive staff stationed at particular place including actual permissible home leave fare charged in the first instance to head "2059 PW Estt." will be debited direct by the Divisional Officer executing the work to the work concerned and credit afforded under the Head "2059 P.W. Estt. Charges recovered from other Government Department" etc., by raising formal debit under 8658 suspense accounts PAO suspense (MEA).

(ii) The actual expenditure on travelling allowances of the Senior Engineers and Architects visiting the work abroad periodically will be incurred in the first instance under the head "2059 Public Works" Direction and Administration but intimation of expenditure incurred will be sent by the Officer or the Superintending Engineer or the DG (W) (Cash Section) as the case may be, to the Divisional Officer executing the work so that necessary adjustment may be made by him by debiting the amount to the work concerned and by affording credit under the head 2059 Public Works Direction and Administration recovered from other Government Departments, etc.

(iii) 3% to the building cost as "Direction Charges" to cover the service of Architects and Designers and of higher supervision. Adjustment on this

account will be made on the basis of work expenditure directly by the Divisional Officer executing the work by debit to the account of the work and credit to the head "2059 Public Works" Direction and Administration recovered from other Government Departments.

(b) In other cases where CPWD is associated with the work, to assist and advise the local Architects, in respect of the items mentioned in para 12.6(b) adjustment will appear in the accounts of F.O. to DG (W), if expenditure is incurred in respect of staff of the office of the Superintending Engineer or of the DG (W). In case, a Superintending Engineer, not attached to Central Office, visits abroad, he should report the expenditure incurred to the F.O. to DG (W), (Cash Section) for further necessary action. Necessary debit on account of expenditure incurred on staff or on the travelling allowance of Senior Engineers and Architects charged to "2059 Public Works" should be raised against the Ministry of External Affairs and credit adjusted under the establishment charges recovered from other Government Department etc. It will be responsibility of the office other than the Divisional Office from where the above Officer proceeds on tour for the purpose to report to the F.O. to DG (W) (Cash Section) for necessary action.

12.9 For preparation of preliminary sketches and estimates for which 1 percent of the estimated cost has to be recovered necessary adjustment will appear in the accounts of the F.O. to DG (W) by debiting to the grant of the Ministry of External Affairs and crediting to head "2059 Public Works" Direction and Administration recovered from other Government Departments etc. In this connection the works section concerned with the estimates etc. will keep a register and raise the debits against the Ministry of External Affairs under intimation to the F.O. to the DG (W) who will watch acceptance and carry out the adjustment in his accounts.

12.10 If any expenditure under these items is incurred by any of the Divisional Officer in the Central PWD such expenditure will be debited by him in the first instance to "2059 Public Works" and later on corresponding debit raised against the External Affairs Ministry's grant and credit adjusted under Establishment Charges recovered from other Government Department etc.

12.11 All recoveries of over payments irrespective of the year in which affected should be treated as deduction from expenditure. Transfer of amounts from "2059 Public Works establishment" to the work/head concerned should be made by DG (W) /F.O. to the DG (W) as the case may be, monthly so that the accounts of the work take cognizance of the expenditure at the earliest opportunity.

Departmental charges for Fair rent Certificate

12.12 The Central PWD may charge fees for issuing certificates of reasonableness of rent on buildings hired by the State Government at the same rates as are charged by the State Govt. P.W. Department for giving such certificates to the Central Government in respect of building taken on hire by the latter.

12.13 The Department charges at the rate of 1/2 per cent of the cost of a building will be charged by the Central PWD for issue of certificate to an Autonomous body about the reasonableness of its rent. The recoveries on this account are adjustable under the head 0059-PW-Other receipts.

12.14 Where valuation of the land is also necessary in determining the rent of building, departmental charges, should be levied at the rate of 1/4 percent of the land value in addition to 1/2% of the cost of the building.

12.15 If departmental charges are to be taken into account in assessing the rent to be charged for a non-residential building, when the only expenditure to be incurred by the Public Works Department is for the mere acquisition of the building, it should be sufficient to charge 10% of the acquisition cost for examining the building and issuing suitability certificate.

Departmental charges for Coal mines works and other agencies

12.16 Departmental charges at the rates given in the Appendix 14 shall be levied for scrutiny of estimates of coal mines labour Welfare Fund by the Central PWD.

Departmental charges for works in Bhutan

12.17 It has been decided by the Government of India that departmental charges will be recovered at the rate of 2 percent of the estimated cost of the works for all technical services and help rendered by CPWD Officers in connection with the execution of Bhutan works.

Departmental charges for Works of National Capital Territory of Delhi

12.18 The National Capital Territory of Delhi, so far as the question of levying departmental charges is concerned will be treated at par with departments of Government of India for purposes of application of rules for the distribution of establishment and tools and plant charges.

12.19 No departmental charges should be levied by the Central PWD in respect of work erected by them in connection with the celebration of the two National Days viz. Independence Day and Republic Day. The expenditure incurred by the Central PWD in this connection should be debited to the Revenue Head 2059 Public Works.

Departmental Charges for Horticultural Works

12.20 The Government of India have sanctioned the remission of departmental charges in respect of gardening jobs e.g. the preparation of beds, etc. carried out by the Horticulture Units in the Officer's bungalows, New Delhi at the expense of the Licencees.

Departmental Charges for Local Bodies

12.21 In the case of works executed for the New Delhi Municipal Committee and other local bodies in respect of deposit works, the rate of Establishment charges including audit and accounts and pensionary charges are levied.

Levy of fees by the CPWD Consultancy Services

12.22 The CPWD Consultancy Unit, Executive Director Consultancy handles consultancy works of planning and Designing (with or without Construction) of various projects including high rise buildings, housing complexes etc. The Unit has been authorised to accept consultancy works of Public Sector Undertakings and other Organizations, to undertake construction, on turn key basis, or Mission's buildings abroad etc. at negotiated rates etc. Fee for the Consultancy Services to be charged by the Unit are given in Appendix 15.

Note 1. The soil testing and preparation of models would be paid for extra by project authorities.

Note 2. In addition, the project authorities should be bearing TA/DA expenses for 15 men visits for members of the planning team to visit the site during the planning phase.

Chapter III

CONTRACTS

SECTION 13

Contracts and Forms

What is a Contract

13.1.1 When two or more persons have common intention communicated to each other to create some obligation between them there is said to be an agreement. An agreement which is enforceable by law is a "Contract."

13.1.2 According to Section 10 of the Indian Contract Act, 1872 only those agreements are enforceable by law which are made by the free consent of parties competent to contract, for a lawful consideration and with a lawful object and, are not expressly declared to be void. This is subject to any special law according to which a contract should be in writing and attested by witnesses.

13.1.3 The following are the essential ingredients of a contract:-

- (a) Offer made by one person called the "Promisor".
- (b) Acceptance of an offer made by the other person called the "Promisee".
- (c) Doing of an act or abstinence from doing a particular act by promisor for promisee called consideration.
- (d) The offer and acceptance should relate to something which is not prohibited by law.
- (e) Offer and acceptance constitute an agreement, which when enforceable by law, become a contract.
- (f) In order to make a valid and binding agreement, the party entering into such an agreement should be competent to make such agreement.

13.1.4 For the purpose of an agreement, there must be a communication of intention between the parties thereto. Hence in the forms of a Contract there is:

- (a) A proposal.
- (b) Communication of the proposal.
- (c) A communication of the acceptance of the proposal.

13.1.5 The communication of acceptance of the proposal completes the agreement. An offer may lapse for want of acceptance or be revoked before acceptance. Acceptance produces something which cannot be recalled or undone. A contract springs up as soon as the offer is accepted and imposes an obligation upon the person making the offer. It has been opined by the Ministry of Law that before communication of acceptance of an offer the tenderer would be within his right to withdraw, alter and modify his tender before its acceptance, unless there is a specific promise to keep the offer open for a specific period backed by a valid consideration.

Forms to be used for contracts

13.2 The following forms shall be used for agreements with the contractors for the purpose noted against each. Standard clauses of various forms have been

approved by the competent authority and should not be altered/violated on any account except with the previous approval of that authority.

P.W.D. Form No.6

13.2.1 This is Notice Inviting Tender Form and in brief known as NIT. It is required to be invariably issued in respect of works for which tenders are to be called. The salient feature of this Form is that it includes name of work, estimated cost put to tender, period of completion, time and date of receipt and opening of tenders and other relevant conditions. Care is required to be taken with regard to Clause 4 which provides two alternatives, viz. (i) the site for the work is available or (ii) the site for the work shall be made available in parts as specified. Only one of these two alternatives is required to be retained.

P.W.D. Form No.7 Percentage Rate Tender

13.2.2 Form PWD 7 (percentage rate tender) could be used in respect of levelling and development works including such works as storm water drainage, water supply and sewer lines and repetitive types of works such as construction of residential quarters of various types as per standard design and drawing.

In other cases, use of this form should be restricted to works estimated to cost upto Rs. 1,00,000/- where the Department have their own schedule of rates and upto Rs. 40,000/- where the Department do not have schedule of rates of their own and have to follow the district or State PWD schedule of rates.

The NIT approving authority may choose any of the forms of tender i.e. PWD-7 or PWD-8 for recorded reasons.

PWD Form No. 8 Item Rate Tender

13.2.3 For item rate tenders contractors are required to quote rates for individual items of work on the basis of schedule of quantities furnished by the Department. This form ensures a more detailed analysis of cost by the contractor. The Contractors have to work out the rates against each item.

PWD Form No. 9 Supply of materials

13.2.4 This form should normally be used where the purchase of materials is involved. According to the PWD Form No. 9 the contractors are required to quote rates for supply of the required quantity of materials, whether raw or finished.

PWD Form No. 10 Piecework

13.2.5 This form is to be used

- (i) For a work costing less than Rs. 60,000/-.
- (ii) In cases in which it is necessary to start the work in anticipation of formal acceptance of contract, and
- (iii) For running contracts i.e. those for pipes, laying of sewerage etc.

In cases of (ii) above, the piece-work contract is cancelled as soon as regular contract is signed.

In case of (iii) above, quotations are called periodically and a running rate contract is drawn up as a result of those quotations usually for one year. The piece work contract form provides for payment of stipulated rates only when it

refers to such quantity of time and also stipulate that the Engineer in-charge may put an end to the agreement at his option at any time.

PWD Form No. 11 Work Order

13.2.6 This form may normally be used for works costing Rs. six lacs & below. It is not much different from Form No. 10 but any work awarded on Form No. 11 may be stopped by the Engineer-in-charge at any time and the contractor is also entitled to stop the work at any time.

P.W.D. Form No. 11A Work Order

13.2.7 This form may be used for small works costing less than Rs. six lacs where it is not considered necessary to use regular Forms No. 7,8 & 12 and at the same time it is desired to bind the contractor in respect of the quantity of the work and the time in which it is to be completed.

Before awarding works on works orders (Form 11 & 11A), the contractor should be asked to furnish a list of Gazetted and non-Gazetted CPWD Employees related to him. The term 'Non-Gazetted' staff shall include CPWD staff on work-charged establishment as well.

P.W.D Form NO.12-Lump-Sum Contract

13.2.8 This form, as its name indicates, is used for work in which contractors are required to quote a lump-sum figure for completing the works in accordance with the given designs, drawings, specification and functional requirements as the case may be. Lump-sum tender can be either for only executing the work as per given design, drawing and specification or it may include element of doing design work and preparation of structural drawings as well which shall be in keeping with the given functional, structural and architectural parameters and subject to approval by the competent authority before hand.

In cases where work is to be executed as per design and drawing of the department, all the detailed working drawings, both architectural and structural must be prepared before hand and should form part of the tender documents which should also contain complete and detailed specifications of the work. The tender documents must set out complete scope of the work. Only the drawings and the detailed specifications as contained and/or referred to in the tender documents shall form the basis of execution and payment. The extra payment or recovery over and above the accepted rate shall therefore be called for only in the event of authorized deviations from the drawings and specifications (as given and/or referred to in the tender documents) in course of execution and not otherwise.

In cases where the detailed architectural and structural drawings are to be provided by the Contractor, all the architectural and structural data/parameters necessary to work out the cost of the work, details of the functional requirement and complete/detailed specification thereof including preliminary drawings if any, must be finalised before call of tender and the tender documents must contain all these details so that there is little scope of guess work on the part of the contractor while tendering and chances of dispute at later stage are minimised. A condition should be stipulated in the tender documents that the work shall be executed as per detailed design and architectural/structural drawings to be prepared by the successful contractor conforming to the given parameters and functional/design requirements as enunciated in the tender documents and submitted to the department within specified time after the award of work. The

contractor shall accordingly get the design/drawings approved by the department before taking up execution of the work. In case any modification for any reason is ordered in course of execution, suitable adjustment for extra payment or recovery shall be effected only if such modification in the tender documents or any change from the specified parameters.

PWD Form No. 47-Tender for Demolition of Buildings

13.2.9 This form of tender is adopted for demolition of buildings and removal of debris from the site.

World Bank Documents

13.2.10 The Standard Bidding Documents finalised by World Bank are used for works aided by it. Only work specific changes, acceptable to the Bank, may be made in the conditions of contract. Such changes may be incorporated through additional conditions or contract-data-sheets and not by introducing changes in the standard wordings of the Standard Bidding Documents of the World Bank. The two authorities for administering the contract for World Bank project viz. the "Employer" and the "Engineer" should be substituted with "The Central Public Works Department represented by Chief Engineer/Superintending Engineer" and "The Executive Engineer represented by the Assistant Engineer/Junior Engineer" respectively and in the Additional Conditions of Contract, to be got approved by the World Bank representative, it should be mentioned that it shall be open for the Executive Engineer to invite a third party to inspect the work and advise him on the quality, workmanship etc. of the work.

SECTION 14

Award of Work without Call of Tenders

Procedure

14.1 As far as possible, tenders should be called for all works costing more than

Rs.25,000/-. In case of urgency, prescribed period of notice may be reduced.

14.2 In emergent cases or when the interest of the work demands, works may be awarded without call of tenders after approval of the competent authority as per powers delegated. The precise nature of the emergency involved should be recorded by the Divisional Officer before dispensing with call of tenders for works costing more than Rs.25,000/-.

14.3 The rates obtained after calling for quotations cannot be considered as competitive and the work awarded on their basis should be construed to have been awarded without call of tenders. The respective officers according sanction to the work order shall also be responsible for the reasonability of the rates.

Powers

14.4.1 Certain financial powers have been delegated to the various Officers of the Department to award work (a) without call of tenders and (b) by negotiations ab-initio after infructuous call of tenders or with a firm which has not quoted, subject to following restrictions.

14.4.2 The total amount of all the works awarded without call of tender by the SE' Executive Engineers as well as AEEs/AEs under the Division under their individual authority as per delegation of powers shall not exceed the annual limit prescribed from time to time by the competent authority. In case, a work is to be awarded without call of tenders in excess of the aforesaid limit, sanction shall be obtained from the Chief Engineer in individual cases. For this purpose, a proper register shall be maintained in Division and Circle Offices.

14.4.3 When works are awarded without call of tenders, it shall be ensured that the sum total of all such orders approved by any particular authority against any particular technically sanctioned estimate as a whole does not exceed the power of the concerned authority to award work without call of tenders.

14.4.4 The AEEs/AEs shall normally award works without call of tenders up to their individual powers only against the estimates technically sanctioned by them. However, in exceptional cases involving greater urgency or emergency they can also award works without call of tenders up to their powers to award works without call of tenders against the estimates technically sanctioned by higher authorities provided approval in principle is obtained from the Ex. Engineer and total amount of work orders issued against the concerned estimate does not exceed the power of the AE/AEE to award work without call of tender. Reasonableness of rate in such case shall however be the responsibility of the AE/AEE only.

Award of Works to Registered Labour Co-Operative Societies

14.4.5 With a view to encouraging the registered Labour Co-Operative Societies, works costing upto the limit fixed from time to time can be awarded to them at current market rates without call of tenders by Officers of the Deptt. - Appendix 1.

14.4.6 In relaxation of the provisions of the Standard CPWD Contract Forms, running payments may be made even in respect of works awarded to these Societies on work orders.

14.4.7 The frequency of payments may be fortnightly provided there is appreciable progress on the work and the value of work executed is not less than Rs. 20,000/-.

14.4.8 The Registered Labour Co-Operative Societies are exempted from payment of earnest money for works estimated to cost upto Rs. two lacs. These Co-operative Societies, however, will pay Security Deposits by way of percentage deduction from their bills.

Notes: (i) The Labour Co-Operative Societies should be registered in the District and approved for the purpose by the Registrar of the Co-Operative Societies.

Award of work to Contractors belonging to Scheduled Castes and Scheduled Tribes

14.5 In order to provide certain concessions to the persons belonging to the Scheduled Castes/Scheduled Tribes and Waddara Community of Andhra Pradesh, it has been decided to allow the under mentioned price preference in favour of the contractors of these communities in the matter of award of contract in respect of CPWD works upto 31.12.2001:-

(i) For works upto an estimated cost of Rs.80,000/- a price preference upto 5% may be allowed in favour of individual SC/ST contractors. In such cases, tenders may be entertained even from non-registered contractors. No earnest money is required in such cases.

(ii) For works of estimated cost ranging from Rs.80,000/- to 2 lakh, tenders may be obtained only from registered contractors. The price preference upto 5% may be allowed in favour of individual SC/ST contractors. However, earnest money at a reduced rate of «% may be accepted in such cases.

(iii) In all such cases, the above concessions shall be allowed only after proper verification of the individual contractor's claim of belonging to a SC or ST community, as the case may be.

These concessions will be admissible upto 31.12.2003

Purchase preference to Public Sector Enterprises

14.6.1 In consonance with the government instructions contained in OM No. DPE/13(1)2002-Fin. dated 14.6.2002 of Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Govt. of India, purchase preference to the public sector undertaking shall be given in cases of all tenders/quotations to be received in CPWD on or before 31.3.2004 for products and services of Central Public Sector Enterprises (CPSEs) for Rs. Five crores and above. Under the policy if prices quoted by public sector enterprises is within 10% to the lowest price in tender, other things being equal, purchase preference may be granted to the CPSE concerned at the lowest valid price bid.

The Purchase Preference Policy covers both products and services of Public Enterprises and the word "Services" includes construction works and construction contracts also.

The provisions of the policy are as per annexure.

Annexure

No. DPE/13(1)/2002-Fin Email: nic-dpe@hub.nic.in

Fax : 4362613/4360204

Gram : BEPUBENT

Government Of India

Ministry Of Heavy Industries & Public Enterprises

Department Of Public Enterprises

Public Enterprises Bhavan,
Block No. 14, CGO Complex, Lodi Road,
New Delhi, the June 14, 2002

Office Memorandum

Sub: Purchase preference for products and services of central public sector enterprises.

Government have decided to extend the existing purchase preference policy for products and services of central public sector enterprises (CPSE's) for two more years from 1.4.2002 to 31.3.2004. Under the policy, if the price quoted by the public sector enterprise is within 10% of the lowest price in a tender, other things being equal, purchase preference may be granted to the CPSE concerned at the lowest valid price bid. The policy has the following provisions:

i. The 10% purchase preference would be extended to tenders/NIT of rupees five crores and above.;

ii. CPSEs registered under the Companies Act, 1956 and statutory CPSEs will be eligible for purchase preference as before. Joint venture companies where holding of Government and/or CPSEs is 51% or more and joint ventures which are subsidiaries of CPSEs with CPSEs holding 51% equity or more will also be eligible for purchase preference.

iii. A minimum value addition of 20% by the CPSEs/Joint Venture Units by way of manufacture and/or services would be a prerequisite for availing purchase preference;

iv. Ministries/Departments/CPSEs and autonomous bodies under Central Government will continue to grant purchase preference to CPSEs.

v. Purchase preference will also be available to only those privatized CPSEs where specific Government approval has been accorded for the specific periods from the date of disinvestment.

vi. Respective Ministries/Departments/autonomous bodies/CPSEs will be responsible for implementing the Purchase Preference Policy,

vii. As per the existing policy the provisions relating to purchase preference should be specified in the Notice Inviting Tender (NIT) for rupees five crores and above. For any deviation including exclusion of the purchase preference clause from the NIT, it will be obligatory for the concerned Ministry/Department/CPSEs/autonomous bodies to obtain prior exemption from the Cabinet in consultation with the Department of Public Enterprises.

viii. Other provisions of the purchase preference policy remain unaltered.

(Dr. Anish Madan)

Joint Adviser

SECTION 15

Preparation of Tender Documents

15.1 Before tenders for a work are invited a detailed estimate showing the quantities, rates and amounts of the various items of work and also the specifications to be adopted should be prepared. Before sanctioning, the draft of the detailed estimate, for works having involvement of Architect, should be sent to the Senior Architect to examine it vis-a-vis the specifications of various items provided by him.

15.2.1.1 In case of works for which tenders are to be invited, tender documents comprising of the following should be prepared and approved by an authority who is empowered to approve the Notice Inviting Tenders (NIT) before notice inviting tender is issued.

(i) The notice inviting tender in Form PWD 6.

(ii) The form of tender to be used along with a set of conditions. Particular specifications and special conditions should not be repetitive and in contradiction with each other. Additional condition to be decided by NIT approving authority and he should be responsible for the same.

(iii) The schedule of quantities of work.

(iv) A set of drawings referred to in the schedule of quantities of work.

(v) Specification of the work to be done.

15.2.1.2 Executive Engineer/Assistant Executive Engineer/Assistant Engineer issuing the tenders should invariably date and initial corrections, conditions and additions in the Schedule of Quantities, Schedule of Material to be issued and specifications and other essential parts of contract documents, and also date and initial on pages of the tender documents irrespective of fact whether they contain or do not contain any corrections or over writings etc. The officer concerned should record the fact in writing at the end of those pages individually.

15.2.1.3 Before approval of NIT, the following should be ensured.

(i) Availability of site, funds and approval of local bodies to plans.

(ii) Confirmation that materials to be issued to the contractor would be available.

(iii) Arrangement for issue of drawing above slab at level 2 well in advance of actual requirement at site as per the program of construction.

15.2.2 Unless there is any general or special departmental instructions or any other bona fide reasons to stipulate certain materials, only those materials should be stipulated in the tender which are either available at the time of inviting tender or are likely to be received before commencement of the work.

Stipulated materials shall be issued for use at site on works, for all the items where such materials are required. For factory made products like pre-cast cement tiles, pre-cast hollow concrete blocks, pre-cast foam concrete blocks, pre-cast RCC pipes etc., stipulated materials shall not be issued.

It should also be ensured that description of the materials to be issued is adequately specified in order to obviate chances of any dispute. For example, if

cement is specified for issue, it should be stated whether it is grey cement or white cement and whether it will be in bags or otherwise.

15.3 Tenders for electrical, and building work (including sanitary and water supply works) must be invited concurrently. Where it is not possible to do so due to some reasons, the fact should be intimated to the Superintending Engineer and Chief Engineer concerned explaining the reasons for delay.

Invitation of Tenders for Component Parts

15.4.1 Generally, splitting of works for the purpose of inviting tenders, should not be resorted to. However, due to administrative convenience and expediency, works may be split up and tenders may be invited separately for the split portions as per powers delegated.

15.4.2 Accord of technical sanction and call for tender for component parts of the project, the amount of which appears as a distinct sub-head in the preliminary estimate will not amount to splitting the work and can be dealt with by the respective authorities as per powers delegated even if the overall amount of the project may be beyond the competence of any individual authority.

15.5 In cases where the main work has been completed and there is some residual work forming part of the big project remaining to be done, the tenders for such residual part need not be sent to the higher authorities and may be decided by the Executive Engineer if the amount of such work is not more than Rs.5,000/-.

Composite Tenders

15.6.1 It has been decided that composite tenders shall be called for works where the combined estimated cost of different components put to tender exceeds Rs. two crores.

Composite Tenders can also be called for works where the combined estimated cost put to tender is Rs. 1 crore or less at the discretion of the Chief Engineer or where it is a requirement of the client or the funding agency.

(i) Items of special nature like sub station equipment, lifts, generating sets, centralised airconditioning system, heating and ventilation system, furniture, furnishing and decorations or any other work of specialised nature which is to be excluded as per decision of authority which approved the main preliminary estimate may not be included in the composite tenders.

(ii) Detailed estimates for different components will be technically sanctioned by the competent authority of the respective discipline.

(iii) Draft tender documents comprising of Schedule 'A' to 'F' of 'General Conditions of Contract for CPWD Works, 2001', special conditions/Specifications and drawings etc., shall be prepared separately for such component and approved by competent authority of the respective discipline.

(iv) The authority competent to approve NIT for the combined cost and belonging to the major discipline will consolidate NITs for calling the tenders. He will also nominate Division which will deal with all matters relating to the invitation of tenders.

(v) The advertisement and form PWD 6 for composite tender, besides indicating the combined estimated cost put to tender, should clearly indicate the estimated cost of each component separately. The eligibility of tenderer will

correspond to the combined estimated cost of different components put to tender.

(vi) CPWD Form 6 should also clearly state that:

(a) The tenderer must associate with himself agencies of the appropriate class eligible to tender for the other components individually.

(b) It will be obligatory on the part of the tenderer to sign the tender documents for all the components, (The schedule of quantities, conditions and special conditions etc.).

(c) After the work is awarded, the contractor will have to enter into separate agreements for each component with the Officer concerned.

(vii) The Executive Engineer in-charge of the major component will call tenders for the composite work. The cost of tender document and earnest money will be fixed with respect to the combined estimated cost put to tender for the composite tender. Security deposit will be worked out separately for each component corresponding to the estimated cost of the respective component of works. The earnest money will become part of the security deposit of the major component of work.

(viii) On acceptance of the composite tender by the competent authority the letter of award will be issued by the Executive Engineer in-charge of the major component on behalf of the President of India, making it clear in the letter of award that the contractor will have to execute separate agreements for different components of work with the concerned officers of the respective discipline (Designation to be given).

15.6.2 Separate contract for dismantlement and disposal of structures may be resorted to when there is enough time available after receipt of approval to dispose of these structures and receipt of Administrative Approval and Expenditure Sanction for re-construction.

Where exigency and urgency of work so demands, combined tender for demolition of building and construction of new building may be resorted to. The decision may be taken at the level not lower than that of the Chief Engineer of the Central Public Works Department who should also record reason due to which combined tender for demolition of the old building and construction of the new building is to be invited.

Preparation of Notice Inviting Tenders

15.7 All notice calling for tenders should be in the standard form and be serially numbered, a proper register being maintained for the purpose. They should only be issued after the authority competent to accept the tender has approved the NIT papers. The notice inviting tenders should be carefully prepared, the use of symbols % and per thousand in the schedule of quantities accompanying the Notice Inviting Tenders is prohibited and the words hundred and thousand must be written e.g. "Per hundred sq. metre" must be written and not "% sq. metre". The units should thus be more specific.

15.8 In case of lump-sum tenders the Divisional Officer should see that detailed drawings and specifications duly authenticated by the competent authority form part of the notice inviting tenders and that the cost of various items forming part of the sanctioned estimate of the work is correctly assessed with reference to the relevant schedule of rates or in the case of non schedule items on the basis

of rates supported by detailed analysis therefor, sanctioned by the competent authority.

15.9 The NIT papers are very important documents on which call of tenders and subsequent agreements with the contractors are based. It is, therefore, very necessary that each page and the correction slips as also other corrections and modifications made in the NIT papers are numbered and signed by the competent authority in token of approval so that all chances of tampering with such documents are avoided. Mere approval on forwarding letters would not serve the purpose. All corrections in the NITs and pages of the NITs approved by the Superintending Engineer and Chief Engineer should be attested by the Surveyor of Works. Thereafter the documents must be properly sealed to prevent any tempering.

15.10.1 It will be the responsibility of the Divisional Accountant to see that all forms issued to tenderers whether printed or otherwise, are clear, legible and unambiguous. The schedule of quantities attached to tender document other than Form PWD 7 must also contain a column for the "Amount" after the column "Rate" and the contractor must calculate the amount of each item and enter it in the column. The Contractor must also total these amounts both by sub-head and give a grand total in words and figures both.

15.10.2 It will also be the duty of the Divisional Accountant to ensure that the tenders are issued to only those contractors who satisfy the eligibility criteria for issue of tenders as inserted in the Press Notice. He should properly scrutinise the applications received for issue of tenders keeping in view the eligibility criteria and then put up to the Executive Engineer for a decision.

15.11 The NIT for all works for which tenders are invited on PWD form 7 should provide that the Contractor should quote the percentage above or below to two places of decimal only.

15.12 The Notice inviting tender should stipulate reasonable time for completion of work. For building works, the Schedule of Contract period should be decided in accordance with Appendix 16 of this Manual by the NIT approving authority.

15.13 It should be ensured that a specific reference to the number of correction slips is made while mentioning the schedule of the rates or the CPWD specifications for works at Delhi, e.g. "Schedule of Rates for Delhi with correction Slips to" and "CPWD Specifications for works at Delhi with correction Slips to". The name should include the year also.

15.14 Additional conditions should be properly stipulated as given in para 15.2.1.1.

SECTION 16

Publicity of Tenders

16.1.1 Wide publicity should be given to the notice inviting tenders. Tenders must be invited in the most open and public manner possible, by advertisement in the press and by notice in English/Hindi and the written language of the district, posted in public place. A copy of the notice should be sent to the Central PWD Divisions, Zonal Office, the Circle Office, Local Municipalities and Collector's office and the State PWD Divisions operating at the station of the work and head quarters of the Divisional Office.

16.1.2 In respect of works estimated to cost more than Rs. 2 Lacs a brief advertisement inviting tenders should invariably be inserted in the press in the classified category.

16.2.1 Advertisement for Notice inviting tenders should be sent to the Directorate of Advertising and Visual Publicity, Ministry of Information and Broadcasting for insertion in the press. Sometimes, tenders may have to be invited for different works by the same division at the same time or at short intervals of one or two days. In such case it is not desirable to send separate press advertisements for each work and so far as possible composite advertisements in the following form should be sent to avoid unnecessary expenditure on advertisement.

16.2.2 In urgent cases, the authority competent to approve the NIT may, for recorded reasons, decide to send the advertisement of tenders to Press directly. In such cases the newspaper bills shall also be settled by the CPWD.

16.2.3 Draft specimen of Press Notice to be issued as a Composite Advertisement is given in Appendix 17.

16.2.4 The advertisement inserted in the press should be brief but clear in meaning. For economy in cost, following guidelines should be kept in view :

(i) Combined tender notice may be issued for all the works to be awarded around the same time.

(ii) The official designation and address of the EE should not to be repeated at the end.

(iii) Details of Estimated Cost, Earnest Money, Time allowed etc. should be given as per Appendix 17.

(iv) Titles such as "Government of India, Central Public Works Department" etc. at the top should not be given as the official designation at the beginning gives these details.

(v) The name of EE inviting tenders should not be printed.

Any officer violating the above instructions particularly regarding observing the economy will make himself liable for disciplinary action and matter dealt with seriously. Issue of above instructions may be taken seriously by all concerned.

All additional Director Generals, Chief Engineers (Civil & Electrical) are requested to ensure that the above instructions are got complied with and proper economy is exercised regarding inviting the tenders.

16.3 The following guidelines are to be followed by the Executive Engineers regarding publicity of tenders :-

(a) Request to DAVP for release of advertisement should be sent well in advance so that adequate time is available for release through press.

(b) The Division/Circle sending the request to DAVP should intimate their complete postal address to the DAVP.

(c) A watch should be kept on publication of advertisement in those newspapers where advertisements are being released by the DAVP.

(d) Newspapers cuttings in each case should be collected and kept on record as a proof of publicity actually achieved as far as possible.

(e) Full details of the dates on which advertisement have actually appeared in the Newspapers should be indicated while sending cases to higher officers.

Pre bid conference

16.3.1 In case of works estimated to cost Rs. Two crore and above, a pre bid conference shall be held by the Engineer-in-Charge about 10 days before the last date of submission of the tenders for clarification of any doubts of the prospective tenderers on any condition of the contract, specification etc. Minutes of the meeting shall be circulated to all prospective tenderers attending the conference. In case of works costing less than Rs. Two crore, where necessary, pre bid conference may be held in a manner described above at the discretion of the NIT approving authority.

Restricted Tenders

16.4.1 Restricted tenders can be called in the following cases with the prior approval of DG(W):

(a) The work is required to be executed with very great speed which not all contractors are in a position to generate.

(b) The work is of special nature requiring specialised equipment which is not likely to be available with all contractors.

(c) Where the work is of secret nature and public announcement is not desirable.

(d) The list of pre-qualified contractors is required to be shortened to a suitable limited number.

(e) Maintenance of VIP residences/important buildings as decided by Chief Engineer concerned.

(f) Other exigencies of the work so demand.

16.4.2 There need be no fixed restricted list of contractors but when restricted tenders are to be called the list of contractors should be as big as possible so that competitive tenders are received.

Occasionally some Defence works are entrusted to the CPWD for execution. In executing similar works the MES invite open tenders. Therefore, unless so desired by the competent Defence Authority, CPWD need not invite restricted tenders.

ADG/DG (W) has full powers:

(i) to finalise and approve the list of contractors for restricted call of tenders, and

(ii) to allow the State PWD contractors to tender for the works of CPWD outside the State in which they are enlisted.

16.4.3 Restricted call of tenders is normally made after preparation and selection of contractors on the basis of pre-qualification applications invited through press advertisement so as to make the list of contractors of properly technical, financial capabilities backed by sufficient experience.

Pre-qualification of Contractors

16.5.1 Pre-qualification of contractors shall be resorted to in the following cases :

- (a) The estimated cost of the work exceeds Rs. five crores.
- (b) The estimated cost of the work is upto Rs. five crores but more than Rs. two crores and the ADG concerned, in his discretion and for recorded reasons may, decide to pre-qualify contractors on the following grounds:
 - (i) The work is required to be executed with great speed, which not all contractors are in a position to generate.
 - (ii) The work is of special nature requiring specialised equipment, which is not likely to be available with all contractors.
 - (iii) The work is to be executed in sensitive/VIP area.
 - (iv) Client has requested to restricting the tender.
 - (v) Other exigencies of the work to be placed on record.

16.5.2 The pre qualification applications shall be invited on pre qualification document for CPWD works, 2000 through Press notice. The Chief Engineer in-charge of the work shall draft the pre qualification criteria in accordance with guidelines laid down in Appendix 18, suggests deviations from the guidelines where absolutely necessary and send the same to the Director General (W) for approval except Sl.No.3 of the guidelines attached with Appendix 18. The Additional Director General shall have full powers for approving the list of eligible contractors for pre qualification.

16.5.3 For all works Pre-qualification criteria shall be based on above guidelines. However, for recorded reasons ADG may insert experience of particular categories of items like Stone Work, Metal False Ceiling, Basements, Form Works etc. as an additional Pre-qualification condition.

16.5.4 In specific cases, and as considered essential, the change in any of the conditions given above for Pre-qualification may be got approved by DG(W).

16.5.5 The above Pre-qualification criteria shall be applicable for normal Civil & Electrical works in CPWD.

16.5.6 For recorded reasons CE/ADG shall have powers to Pre-qualify the Contractors for any particular work irrespective of its monetary value

16.5.7 To maintain uniformity in evaluation, assignment of marks for various attributes, is indicated in para 8.1.2 of the Pre-qualification Document. The evaluation, in general, shall be done as per criteria in Appendix 18. However, if for some reasons, changes are to be made, the same may be proposed by the Chief Engineers while forwarding proposals for the eligibility criteria vide para 16.5.2 above.

Duties of Head Clerk

16.6 It is duty of the Head Clerk of the issuing Division to ensure that all NITs remain on the notice board of the Division from the date of issue of N.I.T. to the date of opening of tenders. For this purpose he should record a certificate to the effect on office copy of each N.I.T. The Executive Engineer should check such certificates from time to time. Inspecting officers from circle office and Central office may also check the notice boards and office copies of NITs for requisite certificates. Basic responsibility in this regard shall rest with the AE(P) of the Division.

Time limit for Publicity of Tenders

16.7 The following time limits between the date of call for tenders and the date of opening of the tenders are laid down but this period may be varied at the discretion of the Officer competent to accept the tender. In order to ensure keen competition and loss to the Department of the benefit of competitive rates, the above time schedule shall be adhered. Any reduction in time as above shall be only in rare cases and ordered by the authority, for recorded reasons.

10 days in the case of works costing upto Rs. ten lacs

2 weeks in the case of works costing between Rs. ten lacs to Rs. fifty lacs.

3 weeks in the case of works costing more than Rs. fifty lacs.

The above time limits will not apply to global tenders and in such cases the NIT approving authority should take decision for fixing the period.

Scope of Publicity of tenders

16.8 In order to give wide publicity to the Notice inviting Tender, in respect of works in Delhi, the Executive Engineer should dispatch copies of N.I.T. (Form PWD 6) and the Notice Inviting Quotations to the Hony. Secretary, Central Builders Association, 44 Regal Building, New Delhi, CPWD Contractors' Association, I.P. Bhawan, New Delhi and the Indian Contractors' and Builders' Association, G-80/207, Main Bazar, Lakshmi Nagar, Delhi 110092 as per DGW/CON/110 under (Certificate of Posting changed to) Registered post as per DGW/CON/116. If a complete set of NIT along with drawings, is demanded the same should also be supplied on payment of usual price charged from other contractors. Similarly copies of the NITs for major works should be sent to the Secretary, Builder Association of India, G-1/G-20 Commerce Centre, 7th floor, J. Dadajee (TARDEO) Road, TARDEO, Mumbai-400 034 for display on their Notice Board and circulation among their members. For electrical works, NIT should be sent to the following Associations of Electrical Contractors for display on their Notice Board and circulation among their members :-

(i) CPWD Electrical Contractors' Association, H-35/10 Connaught Place, New Delhi-110 001

(ii) Eastern Regional Electrical Contractors' Association (India), Plot No. 3, 12/I-A, Lindsay Street, Kolkatta.

(iii) Association of Electrical Contractors (Regd.), 19, Municipal Market, Connaught Circus, New Delhi.

Copies of NIT-PWD-6 upto a value of Rs. two lacs may be sent to the following SC/ST Contractors Association in the same manner as it is sent to other Associations approved for this purpose.

"CPWD/PWD SC/ST CONTRACTORS WELFARE ASSOCIATION
(Regd.)

B-1/23 KIRAN GARDEN,
UTTAM NAGAR, NEW DELHI-110059"

In addition to publishing tender notices through press, one copy of the tender notice for all works costing more than Rs.25 lakhs are also to be sent to the following address by fax or

E-mail for publishing through web site.

M/s. Sugal Infotech Pvt.Ltd.,
6/35, W.E.A., Karol Bagh, New Delhi-110005.
Tel.No. 91-11-5765331/2,
Tel. Fax: 91-11-5748882
E-mail:ubfi@tenderhome.com

Notices for all tenders costing Rs. two lacs and above also shall be sent for publication on website in addition to publishing the same through press.

It shall be ensured by all the ADGs that all tender notices which are being sent to press, must also be sent to suitable firms for publishing on web site.

Notice for all tenders including those costing less than Rs. two lacs shall be sent for publication in the web site. However, notice for tenders costing less than Rs. two lacs need not be sent to the Press for publication.

Name of web site may be published in leading newspapers at least two times in an interval of 15 days so that the contractors by and large are aware which web site is to be seen by them for press advertisement.

The following procedure shall be adopted for proper publicity of tenders:

1. All NITs, whether issued by the Sub-Division or the Division, shall be assigned a serial number in the form 'X' of 'Y' where 'X' is the serial number of the NIT issued in a particular financial year and 'Y' represents that financial year. Abbreviations for Division and the place may be added. No NIT shall be publicised either on the notice board or in press without a serial number.

2. The serial number shall be assigned by the Executive Engineer from a register maintained in the Divisional office. The format of the register shall be as given in the Annexure. The serial number shall be continuous irrespective of the level of the NIT approving authority i.e. Assistant Engineer to Chief Engineer.

3. The AEE/AE shall intimate the details of the prospective NIT to the Executive Engineer in writing in duplicate. On receipt of the intimation, the first serial number available in the register shall be assigned to the NIT, details noted in the register and the duplicate copy of the intimation returned to the Sub-Division with serial number of the NIT noted on it under the signature of the EE. In cases where EE decides not to issue a particular NIT, serial number may not be assigned to it.

4. In Sub-Divisions located out station of the head quarters of the Division, a similar register shall be maintained. NITs may be issued under serial numbers assigned through this register but it shall be necessary to intimate the details to the EE and obtain a serial number from the main register of the

Division in a manner detailed in para 3 above, before the work is awarded on the basis of such NIT.

5. The agreement with the contractor shall bear the serial number of the NIT along with other details on the cover page. This shall be checked and reconciled while making payment of the first bill to the contractor.

6. In case of works estimated to cost upto Rs. two lakhs, advertisement may not be inserted in press but the NIT shall be necessarily displayed on the notice boards of the issuing Sub-Division, Division and all the other Sub-Divisions of that Division located in the same station.

7. The NIT register shall be made available to contractors for perusal during a fixed time on working days and also to higher authorities during their inspection.

16.9 If the response to tenders from the contractors of the appropriate classes is poor, the tenders may be thrown open to the contractors in the next lower class with the prior approval of the CE in the case of tenders upto SE's power and ADG in case of tenders of CE's power, but not to a particular contractor. In urgent cases, the Superintending Engineer can anticipate approval but he should get the matter regularised immediately. It should also be noted that where a tender is thrown open to contractors of the lower Class, it should get the same publicity as the notice inviting tenders.

If the response to tenders from the contractors of the approved classes is poor, the tenders may be thrown open to the contractors two categories below the appropriate class in individual cases with the prior approval of the DG(W).

Formalities for Re-invitation of tenders

16.10 In case of re-invitation of tenders, all the formalities mentioned above shall be observed. In cases when the date and time for sale and receipt of tenders is required to be extended due to unavoidable circumstances a proper notice for the same will be put up on the notice board and copy to office of all the Associations mentioned in para 16.8.

16.11 All tenders sent to the contractors should be invited in the name of the President of India. It is, therefore, necessary that the words "For & On behalf of President of India" should be incorporated in the draft press notices to be sent to the Director of Advertising and Visual Publicity for publication in the Newspaper.

SECTION 17

Sale of Tender Documents

17.1.1 Tender documents should be prepared and kept ready for sale to the contractors before the Notice is actually sent to the press or is pasted on the Notice Board and every contractor desiring to tender shall be asked to make a written application. It is the responsibility of the Executive Engineer/Assistant Executive Engineer/Assistant Engineer to see that tender documents are made available to the contractors as soon as the application is made. The application may be made by the contractors in the prescribed form (Appendix 19).

17.1.2 Tender documents should be sold to only those contractors who fulfill the eligibility criteria set out in the Press notice and who are not near relatives of Divisional Accountant or Superintending Engineer or Executive Engineer or Assistant Executive Engineer/Assistant Engineer/Junior Engineer of the Circle in which the work is to be executed.

Note: A near relative includes wife, husband, parents, in-laws, children, brothers, sisters, uncles, aunts and cousins.

17.2 For recorded reason the Chief Engineer is competent to permit any particular person or firm, who are not borne on the approved list of CPWD or any other Government Department to tender for specialised works. For works costing upto the normal power of acceptance of tender of Executive Engineer prior permission of Superintending Engineer shall suffice.

Issue of Tender Documents for Specialised Jobs

17.3 In order to obviate difficulty to get competitive rates in respect of all specialized jobs it is necessary that the tenders for specialised works should be issued to the firms concerned who deal in the items of works for which tenders are being invited. For this purpose, the following items should be taken as special items of work.

For specialised electrical jobs of Diesel Generating Sets, Lifts/Elevator works, Sub-stations works and Fire alarm system works, Fire fighting works (gas based), Fire fighting works (water based) contractors are enlisted separately in accordance with rules given in Appendix 20.

List of Specialised Items/Jobs/Works

- (i) Carriage of Materials
- (ii) Earth works
- (iii) Water proofing treatment work
- (iv) Steel work in Steel bridge work, Space frames for long span structures, Steel towers
- (v) Laying of granite stone flooring
- (vi) Miscellaneous civil works.
 1. Special foundations including all types of piles.
 2. Fibrous plaster ceiling.
 3. Acoustic treatment and other decorative items such as glass ceiling.
 4. Sinking of tube well.

5. Erection of food storage-both silos and flat type.
 6. Aluminium doors and windows, Aluminium partition.
 7. Fire fighting equipment. Fire detection and any other co-related items.
 8. Fabrication of hydraulic platform and incinerator and laundry equipment.
 9. RCC overhead tanks with independent staging.
 10. Underground tank.
 11. Guniting, Ready mix concrete.
 12. Repair and Rehabilitation works.
 13. Soil investigation.
 14. Kitchen equipment.
 15. Glass/Green House (climate control)/Screen House.
 16. Sewage treatment plant including testing and commissioning.
 17. Modular steel furniture.
 18. Custom made wooden furniture (factory made).
 19. Aluminium composite panel.
 20. Swimming pool.
 21. Fabrication and erection of space frame including covering with light weight poly carbonate sheet roofing.
 22. Diaphragm walls.
- (vii) Common electrical works :
1. Installation and repairs of following:
 - (a) HT and LT Switchgears.
 - (b) Air-conditioning plants.
 - (c) Lifts, Escalators and conveyors, Installation and repairs works in connection with simultaneous interpretation systems.
 - (d) Gas plants.
 2. Transformers.
 3. Generating plant.
 4. Machinery like bulldozer, Tractor scraper, Rollers, Lorries, Excavator etc.
 5. Refrigerator cold storage plant.
 6. Water coolers.
 7. Hot water plant boilers.
 8. Public address system, Conferencing system, Automatic vote recording system, Recorders.
 9. Stage lighting.

10. Projector and other special equipment for theatre.
11. Repairs and calibration of various types of measuring instruments and relays etc.
12. Testing of transformer oil and dehydration and other type of high potential test.
13. Installation of Runway lighting, Taxiway lighting and Approach lighting system including control regulators, Relays and control panels.
14. Supply and erection of High Mast lighting.
15. Frequency converter.
16. Fabrication of steel cabin of body of trucks chassis.
17. Fire alarm.
18. Temporary illumination, Security Lighting and Wiring for Power Outlets for Metal Detectors in connection with Republic Day and Independence Day celebrations.
19. Supplying, installation, testing and commissioning of EPBAX system (equipments).
20. Supplying, installation, testing and commissioning of EPBAX system (cabling and wiring).
21. Illumination of caves and fibre optic lighting system.
22. Security system and fire alarm.
23. Building automation system.
24. Digital display board.

Procedural requirement

17.4.1 Eligibility criteria should be made very clear in the Press Notice and NIT. In order to get competitive rates in respect of specialised jobs, press notice to some of the specialised firms, which in the opinion of NIT approving authority are likely to become eligible, may be sent.

17.4.2 Tender papers should be issued only after ascertaining from the contractors their expertise and experience in the specialised field concerned.

The issue of tender papers to civil and electrical contractors will be regulated by nature of work namely civil or electrical. Details and expertise should be appended with the applications for issue of tender papers by intending tenderers.

17.5 In the case of some specialised jobs, by specialised firms, Guarantee Bonds are also required to be executed viz. Water proofing works and Anti-termite Treatment. The sample Guarantee Bond is reproduced in Appendix 21 and this will be on Stamp paper.

Sale of Tender Documents to Registered Contractors

17.6.1 Tender schedules for CPWD works can be issued to contractors registered in CPWD in appropriate classes, contractors registered with the Railways/M.E.S./P&T in appropriate classes and contractors registered with the State PWDs in appropriate classes (for CPWD works within that state).

ADG of the Region has full powers to allow the State PWD Contractors to tender for works of CPWD outside the State in which they are enlisted. Whenever any State PWD contractor tenders for CPWD work outside the state in which he is registered, the authority issuing the tender papers should obtain a declaration from the contractor to the effect that he has not been debarred from tendering by any authority.

Tender schedules for CPWD works can be issued to the contractors registered with State PWDs in appropriate class (for CPWD works within that State). Contractors enlisted in the States of Uttar Pradesh, Bihar and Madhya Pradesh may be allowed to participate in tenders in Uttaranchal, Jharkhand and Chhatisgarh respectively till 31.12.02.

17.6.2 If a contractor is enlisted in the CPWD as well as in MES, P&T, Railways or State PWDs he shall be eligible to tender for works upto the amount permitted by virtue of his enlistment in the CPWD even if he may be authorised to tender for bigger works in the MES/P&T and/or Railways or in the State PWDs.

17.7 The Register for Circulars imposing Penalty of one kind or the other as a result of the Review of Performance Reports of Contractors should invariably be consulted by the Executive Engineer before tenders are sold to the eligible contractors.

17.8 For deciding the limit upto which a particular contractor is eligible to tender, the cost of materials whether proposed to be issued free or on payment shall not be deducted from the cost of work put to tender.

Supply of Duplicate set of Tender Documents

17.9 If so desired by a contractor, a duplicate set of tender documents, duly stamped as "Duplicate", may be issued to him at the cost of the original set of documents at the time of issue of the original papers. Duplicate copy can not be submitted as a tender. In case of loss of original set of documents, the contractor should be required to buy a second set and submit it as tender.

Procedure for Issuing Tender Documents to Non-Registered Contractors

17.10 The criteria for issue of tenders in CPWD in respect of eligible CPWD as well as non CPWD contractors will be as under:-

(a) For works costing upto Rs. two crores tender shall be issued only to CPWD contractors. (To come into effect w.e.f. 1.1.2003). Contractors enlisted in the parent states i.e. Uttar Pradesh, Bihar and Madhya Pradesh may also be allowed to participate in tenders in Uttaranchal, Jharkhand and Chhatisgarh respectively till 31.12.02. S.Es/E.Es may educate and advise the non CPWD contractors working in their circles/Divisions to get them enlisted in appropriate class in CPWD well before 1.1.03.

(b) For works costing over Rs. two crores and upto Rs. five crores, tenders shall be issued to all Contractors who have satisfactorily executed three similar works, each of value 40% of estimated cost or two works each of value 50% of estimated cost, or one work of 80% estimated cost (rounded off to nearest Rs.10 lakhs) in the last 7 years ending last day of the month previous to the one in which the tenders are invited.

(c) For works costing over Rs. five crores, tenders shall be issued only to contractors pre-qualified in accordance with provisions of Section 16.

Sale of Tender Documents for Balance works

17.11.1 When under Clause 3 (c) of contract form 7 & 8, the unexecuted portion of the work is taken out of the hands of the original contractor, tender papers can be given to the original contractor, if asked for.

17.11.2 In case of rescinded contracts, the NIT for residual work shall be approved by the authority who has approved original NIT. However the tender shall be accepted by the authority who has powers to accept tenders as per the delegated financial powers.

17.12 In case where a contractor is removed from the approved list of contractors maintained by CPWD for reasons other than that of inactivity, such contractor would not be eligible to take up works in CPWD on the basis of his enlistment in any other Engineering Department.

17.13 If the Executive Engineer concerned receives adverse report against any non CPWD contractor either from the Department in which he is enlisted or any other Department, he can stop issuing tenders to that contractor on the basis of such report. The Executive Engineer should, however, communicate the information to his Superintending Engineer for record and for approval of the action taken or proposed to be taken by him.

Time Interval between Sale of Tender Documents and Opening of Tenders

17.14 Any tender form which is issued either for sale or for office use should be issued under the signature of the Divisional Officer or the Sub-Divisional Officer, as the case may be. In order to give contractors sufficient time to study tender documents and work out reasonable rates, the tender papers shall be sold as per following time schedule :

Receipt of applications for issue of forms will be stopped by 1600 hours four days before the date fixed for opening of tenders. Issue of tender forms will be stopped three days before the date fixed for opening of tenders.

Scale of Charges for Tender Documents

17.15 The following will be the scale of charges for the sale of tender forms to contractors :-

(a) Works costing upto Rs.One lakh with one copy of agreement to be supplied free of cost to the contractor in whose favour the work is awarded : Rs.150/-

(b) Works costing between Rs.One lakh and Rs.50 lakhs with one copy of agreement to be supplied free of cost to the contractor in whose favour the work is awarded : Rs. 500/-

(c) Works costing more than Rs. fifty lakhs and upto Rs. two crores with one copy of agreement to be supplied free of cost to the contractor in whose favour the work is awarded : Rs. 1000/-

(d) Works costing above Rs. two crores with one copy of agreement to be supplied free of cost to the contractor in whose favour the work is awarded : Rs.1500/-.

17.16 Authorities competent to approve N.I.Ts have got the discretion to add to the prices, mentioned above any additional cost of drawing to be supplied along

with tender documents depending on the labour actually involved in their preparation.

17.17 The agreement form CPWD 7 & 8 contains general conditions of contract for works in CPWD and shall be applicable both for item rate as well as percentage rate tenders, as mentioned in general conditions No.4,10 & 12 of the form.

The issue & recovery of stipulated materials to contractors for use in construction works is governed by clause 10 & 42 of CPWD 7 & 8. Recovery of stipulated materials used by contractor beyond permissible variations is to be made at rates specified in Schedule "F". Such fixed rates for recovery for each type of stipulated materials shall be specified in Schedule "F" by the authority approving the NIT for operation of Clause 10 and 42 of CPWD 7/8, and will be fixed at the issue rate at which materials are stipulated for issue + ten per cent.

A fifteen days notice should invariably be issued to the contractor to return the excess quantity of materials got issued by him over and above the theoretical consumption and permissible variations, for taking action in terms of Clause 42.

Clause 12(vi) of the New Agreement Form provides for specifying of deviation limits for various works. Such deviation limits are to be specified in Schedule "F" annexed to the Form and shall form part of tender documents. For maintaining uniformity in works carried out by the department, following deviation limits will be stipulated by authorities approving NITs, for operation of Clause 12(vi) of form unless there are specific reasons to adopt different deviation limits for a particular work.

- (i) For building works 30%
- (ii) For maintenance works and building works of time bound, urgent and emergent nature 50%
- (iii) For foundation works 100%

Clause 10(B) Mobilisation advance for works estimated to cost Rs.Two Crores and above, shall be admissible upto 10% of estimated cost put to tender or 10% of tendered amount or Rs. one crore whichever is less. This advance shall be on 10% simple interest. Such advance shall be released in not less than two instalments.

17.18 Plans and drawings must be supplied along with tender documents. If complete drawings are not available, written approval of NIT approving authority should be taken before issuing tender documents. In such case, plans and drawing should be kept with the ASW/ Head Draftsman in the drawing branch for study by the contractors and a certificate obtained in lieu of having seen the plans.

Accounting of Tender Documents

17.19 The following is the procedure, laid down for the accounting of tender documents:

- (a) All tender documents should be priced and the price given on the document.

(b) All the tender documents should be kept in charge of the Cashier in the Divisional Offices and the Sub-Divisional Clerk in the Sub-Divisional Offices.

(c) All the tender documents received by the Cashier/SDC should be entered in the register.

(d) The register should contain a chronological record of the issue of tender documents showing the name of the person to whom issued, the number of forms issued and the amount received.

(e) The register of the sale of the tender documents should be treated as a subsidiary cash book and its pages should be machine numbered.

(f) The money received by the Cashier or the Sub-Divisional Clerk on account of sale of tender documents should be entered in the Divisional or Sub-Divisional Cash Book daily as a lump sum. This daily total should agree with the detailed record in the register of the sale of tender documents.

(g) On the 25th of each month, the Cashier or the Sub-Divisional Clerk concerned should close the register by striking the balance of tender documents in stock, the number of documents sold, and the amount of cash realized. He should also count the documents in hand. Thereafter, the tender documents and the entries in the register should be checked and verified by the Divisional or the Sub-Divisional Officer concerned.

(h) Surplus/unutilised tender documents must be destroyed after one month of acceptance of tenders.

17.20 To avoid the possibility of bogus and fake tenders being submitted, it is necessary that tender documents are sold individually and acknowledgements taken from contractors or their accredited representatives in the sale Register of Tenders while handing over tender documents to them. In cases where tender documents are transmitted by post, these should be despatched by Registered A.D. Post.

SECTION 18

Receipt, Opening and Acceptance of Tenders

18.1 With a view to avoiding the possibility of original tender documents being tampered with, the following procedure shall be adopted in connection with the receipt and opening of tenders and their acceptance.

Receipt of Tenders

18.2.1 All the tenders in the power of Executive Engineer and higher officers shall be received in the Divisional office. Tenders in power of Assistant Executive Engineer/Assistant Engineer shall be received in the Sub-Division.

18.2.2 The tenderers shall be asked to put the earnest money in acceptable form (see Section 19) and the tender in separate sealed covers marked "Earnest Money" and "Tender" respectively. Both the envelopes shall then be put in another sealed cover for submission. In cases where earnest money in cash is acceptable, the same shall be deposited with the cashier of the Division and the receipt placed in the envelop meant for earnest money. In cases where exemption from depositing the earnest money with individual tenders has been obtained, the attested copy of exemption letter shall be placed in the envelop meant for earnest money.

18.2.3 In respect of following works, two bid system i.e. getting Technical bid and Financial bid in separate covers shall be adopted :

- (i) Works costing more than Rs. one crore.
- (ii) Special items like bridges, pile foundations etc. where lump sum tenders or tenders based on contractors designs are called.
- (iii) Supplies involving strict technical standards.

Where the evaluation of technical bid is expected to take time, the deposition of earnest money along with the technical bid may not be insisted upon. In such cases, the earnest money may be deposited at the time of opening financial bids.

Opening of Tenders

18.3.1 Tenders should be opened in the presence of such intending contractors or their representatives as may choose to attend at the time and place which should be advertised. Tenders should be entered in the Register Form PWD 41.

The tenders received after the due date and time of receipt are not to be considered at all. They should neither be opened nor entered in the tender opening register.

18.3.2 The officer opening the tender should first open the envelop marked "Earnest Money" and if the earnest money is found in order, then only should he proceed to open the envelop marked "Tender". In case the earnest money is not found in order, the tender should be returned to the tenderer on the spot if he is present there, otherwise later by registered post. Only an entry shall be made in the tender opening register to this effect.

Any deviation from this procedure considered necessary by the NIT approving authority in individual cases shall be referred with full justification to DG(W) for a decision.

18.3.3 In case of two bid system, technical bids shall be opened first and after technical evaluation is completed, financial bid in respect of technically acceptable offers only shall be opened. In cases where deposition of earnest money along with the tender was not insisted upon due to expected longer time in evaluation of technical bids, as provided in para 18.2.3, the financial bid should be opened only after getting the earnest money.

18.3.4 The Officer opening the tenders should mark all corrections, cuttings, conditions, additions and over-writings and number them and attest them in red ink. In case of a number of corrections in any rate either in words or in figures or in both, the number of corrections marked should indicate the corrections serially that is to say, in case of, say, three corrections in rates of any one item each of these corrections should be allotted independent numbers serially and not one number to represent all the three corrections.

18.3.5 The number of such corrections, cuttings, additions, conditions and over writings must be clearly mentioned at the end of each page of Schedule attached to the tender paper and properly attested with the date. Any omission observed should also be brought out clearly on each page of the Schedule.

18.3.6 The corrections, cuttings, conditions, additions and over writings etc., should be allotted separate numbers, i.e. corrections should start from 1, 2, 3, etc. and over writings should similarly start separately from 1, 2, 3 etc.

18.3.7 Any ambiguities in rates quoted by tenderers, in words or figures must be clearly indicated on each page of the schedule attached to the tender to which it concerns.

18.3.8 In case where the contractor has quoted rates in rupees and no paisa is mentioned the word "only" should invariably be added after the words rupees and the corrections should be initialled and dated with suitable remarks at the end.

18.3.9 Where the contractors have omitted to quote the rates in figures or in words, the Officer opening the tender should record the omissions on each page of the Schedule.

18.3.10 The Divisional/Sub-divisional Officer should see that the Contractors quote entire rates in words including paise to avoid chances of tampering in rates and if the contractor fails to do so the Executive Engineer should himself write the rates in words at the time of opening of tenders and initiate action against the contractor.

18.3.11 The contractor should be asked to fill in the tenders properly and carefully. They should avoid quoting absurd rates and making too many corrections in the tenders. The amounts should also be correctly worked out. If any contractor does not follow these instructions and desists from filling the tenders carefully it would be open to the Departments to take disciplinary action against the Contractor.

18.3.12 The Divisional Accountant (SDC in Sub-Division) should be encouraged to be present at the time of opening of tenders. Tenderer should also be encouraged to be present at the time of opening of the tenders. Percentage and lump sum tenders should be read out to the tenderers as far as possible. In the case of item rate tenders the total amount worked out by different tenderers may be read out, if required by the tenderers present.

18.3.13 After opening the tenders in the manner mentioned above, and keeping a record as given in para 18.3.14.1, and preparation of comparative statement, the Executive Engineer will send the same to the office of SE/CE (i.e. the accepting authority concerned) and the detailed scrutiny will be done in the office of that accepting authority. The market rates for preparation of justification will, however, be sent by EE.

In case of tenders within the powers of ADG/DGW/CW Board, complete scrutiny will be done in the office of CE concerned.

18.3.14 A complete comparative statement of all tenders received in response to the notice should be drawn up in the office of EE in CPWD Form No. 13 or 14 as the case may be and the following instructions should be carefully noted :

18.3.14.1 The Officers opening the tender should prepare in their own hand a statement in the tender opening register, of the "Percentage and Lump Sum" tenders received and should sign that statement. In the case of item rate tenders they need prepare only a list of tenders received.

18.3.14.2 Care should be taken in preparing and scrutinizing comparative statements of tenders to guard against arithmetical and other mistakes. Failure to do this may result in work being awarded to a contractor who is not lowest acceptable tenderer a contingency which must be guarded against.

18.3.15 The detailed arrangements for proper check of tenders and comparative statement are left to the NIT approving authority but any such arrangements must provide :

18.3.15.1 That the work will be carried out under the control of Financial Officer in Chief Engineer's Office, Executive Engineer (Planning) in Superintending Engineer's office, Divisional Accountant in Division Office and by Sub-Divisional Clerk in Sub-Division. The duties and responsibilities of the Divisional Accountant mentioned in the subsequent paras shall be deemed to be the duties of the above mentioned officers under whose control the scrutiny of tenders is being done. The officials handling the tender should work on it in the branch only and tenders should not be taken outside the branch in any case. Tenders and related papers must be kept under lock & key by the officials before leaving the office.

18.3.15.2 That the officials date and initial all papers the calculations of which they have checked and that all working sheets are preserved.

18.3.15.3 That the Divisional Accountant or the concerned officer mentioned in para 18.3.15.1 makes satisfactory and efficient arrangements for checking the computed tenders. He should also conduct personally a test check of computed and checked tenders sufficient to satisfy himself reasonably that the checking work has been properly done. He should also see that the comparative statement correctly incorporates the total as checked in individual tenders. Full details of the Divisional Accountants responsibility in the matter are contained in para 18.3.16 below.

18.3.15.4 That if on checks there are differences between the rates given by the contractor in words and figures or in amount worked out by him, the following procedure shall be followed:

18.3.15.4.1 When there is a difference between the rates in figures and in words, the rates which correspond to the amounts worked out by the contractor, shall be taken as correct.

18.3.15.4.2 When the amount of an item is not worked out by the contractor or it does not correspond with the rates written either in figures or in words, then the rate quoted by the contractor in words shall be taken as correct.

18.3.15.4.3 When the rate quoted by the Contractor in figures and in words tallies but the amount is not worked out correctly, the rates quoted by the contractor shall be taken as correct and not the amount.

18.3.15.4.4 In the case of percentage Rate Tender, the contractors are required to quote their rates both in amount as well as in the percentage below/above the rates entered in the Schedule. In such cases in the event of arithmetical error committed in working out the amount by the contractor, the tendered percentage and not the amount should be taken into account.

18.3.15.5 That the NIT approving authority himself makes an intelligent scrutiny of the tenders and the statement.

18.3.15.6 That the NIT approving authority makes proper arrangements for the safe custody of tenders and comparative statements while computations are being made in his office.

18.3.15.7 When contractors sign their tenders in any Indian script or can only write their names in English, the amount of the tender or rate of percentage above or below offered by them should be written in the contractor's own handwriting in Indian script and in the case of illiterate contractor the amount of tenders should be attested by one of the witnesses.

18.3.15.8 All corrections should be carried out neatly and clearly and initialled by the person making the corrections. The corrections then shall be attested by the authority concerned.

18.3.16 The responsibilities of a Divisional Accountant as regards the computation and checking of tender and the preparation of comparative statements as decided by the Comptroller and Auditor General of India in consultation with the Government of India, are as follows :

18.3.16.1 The Divisional Accountant is responsible for the safe custody of tender documents during the period when they remain in the Accounts Branch until submission to the Executive Engineer.

18.3.16.2 He is responsible for the arrangements for checking the computed tenders, i.e. for seeing that satisfactory and efficient arrangements are made for checking.

18.3.16.3 He should conduct personally a test check of the computed and checked tenders sufficient to satisfy himself reasonably that the checking work has been properly done.

18.3.16.4 He should see that the comparative statement correctly incorporates the totals as checked on the individual tenders.

18.3.17.1 The Divisional Accountant himself should not be called on to do any of the actual computing work or of the preparations of comparative checking arrangements and himself doing a reasonable amount of test check. In fact, an Executive Engineer would be quite entitled to ask Accountant to note on the

comparative statement that as far as he could, ascertain from such test check as he had been able to carry out, the statement was accurate. There is no objection for the employment of accounts clerks as distinct from the Accountant, on the computation, if the work is large and the preparation of a comparative statement is urgent. It should, however, be open to the Accountant, if he thought this the more satisfactory method of ensuring accurate check to reserve or to detail one or more of the accounts clerks solely for him to satisfy himself that any check has been properly done.

18.3.17.2 It is essential that there be no hurrying the work of computing tenders and of checking computations and an accountant is entitled to claim that reasonable time should be allowed for him to satisfy himself that any check has been properly done.

18.3.17.3 The Sub-Divisional Clerk/Divisional Accountant should record the following certificate on the comparative statement :

"Certified that :

I have personally conducted a test check of the computed and checked tenders including the three lowest tenders and have satisfied myself that the checking work has been properly done. The comparative statement correctly incorporates the totals as checked on the individual tenders."

Acceptance of Tenders

18.4.1.1 Top priority should be given to decide the award of work on receipt of tenders. In order to minimise chances of delay, time table as per Appendix 22 should be observed for dealing with the tenders by different authorities.

18.4.1.2 The above time schedule is required to be adhered to strictly and if any officer is unable to follow the same he should invariably give reasons while forwarding the tenders to the authorities competent to accept it.

18.4.2 The following instructions should be scrupulously followed.

18.4.2.1 The tenderers are not expected to make any post tender modifications. Any such case should be viewed seriously and action taken under the provision of form PWD 6 and rules for enlistment of contractors and matter reported to the Registering Authority for the disciplinary action. In any case, the contractors should not be allowed any undue advantage of such modifications.

18.4.2.2 When the tenders are under examination, no other authority should make queries or call for reports/clarifications from the tenderers except with the approval of accepting authority.

18.4.2.3 Tenders with any condition including conditional rebates shall be rejected. However, tenders with unconditional rebate will be acceptable.

18.4.2.4 In case, after receipt of tenders, it becomes necessary to forward the tenders to the higher authority for acceptance due to the tender going beyond the power of NIT approving authority on account of higher quoted rates, while forwarding tenders to the higher authority, details like (a) validity period of the tender, (b) time already taken for scrutiny, (c) balance period available, should prominently be indicated to ensure that there is no delay in processing of tenders and decisions are taken well in time.

18.4.2.5 In case of tender where validity period has already expired, decision to accept the same should be taken only after validity period is got extended.

18.4.3 CPWD Officers at appropriate level are authorised to accept tenders in anticipation of revised expenditure sanction by the competent authority subject to the following conditions and limits:

18.4.3.1 The tendered rates are certified as reasonable by the appropriate officer in the CPWD accepting the tender as per the provisions in CPWD Works Manual 2002.

18.4.3.2 The CPWD Officers accepting the tender, also certify that the scope of the work, as approved by the competent administrative authority, remains unchanged.

18.4.3.3 Where the items included in the tender are available in the current schedule of Rates, the amount of tender to be accepted does not exceed by more than 5% of the amount worked out on the basis of the current schedule of Rates plus (or minus) the enhancement (or decrease) on account of relevant cost index, authorised by the concerned Chief Engineer, CPWD. Excess beyond 5% and upto 10% only may be permitted with the prior approval of next higher authority.

18.4.3.4 Where the current schedule of rates referred to in para 18.4.3.3 above is not available or the items, covering bulk of work are not available in that Schedule of Rates, approval of concerned Chief Engineer is obtained regarding the reasonableness of the tendered rates.

18.4.3.5 The CPWD Officers, accepting the tender involving extra expenditure must immediately report to the competent administrative authority, so as to enable it to make necessary additional provision in the budget. Expenditure in excess of the budget allotment will not be incurred without assurance of additional funds from the concerned administrative authority.

18.4.3.6 The revised estimates for the work should be submitted within a month of acceptance of the tender, to the competent administrative authority.

Central Works Board

18.5 As laid down in the CPWD code, the Government of India constituted a Central Works board which acts as body in the matter of acceptance of contracts and other miscellaneous matters relating to execution of works.

Composition of the Board

18.6 The board consists of a Chairman and two Members. The DG (W) acts as the Chairman with a view to ensure that the recommendations made by the Board are technically feasible. Of the two members one is the Director (Works), and the other is Chief Controller of Accounts, Ministry of Urban Development & Poverty Allevation representing integrated finance in the Ministry of Finance, to watch financial interest of the Government. Financial Officer to DG (W) acts as Secretary of the Board and the Ministerial work of the Board is done by the Office of the DG (W).

The Board has the authority to co-opt as members, non-official experts and the representatives of the Administrative Departments of the Government of

India when so required for advice on matters as to the execution of specialised projects i.e. Aviation Works, Factory Works, Projects etc.

18.7.1 Tenders above the power of acceptance of DG (W) are submitted to the Board for their consideration. These tenders are accepted by the respective Chief Engineers with the prior approval of the Board. Similarly the works without call of tenders costing more than the power of DGW are required to be submitted to the Central Works Board, and thereafter accepted by the respective Chief Engineers.

18.7.2 Tenders submitted to Central Works Board for consideration and approval are required to be supported with detailed information as per the proforma as per Appendix 23. This proforma has to be very carefully complied so that the information furnished is complete in all respects, there is no room for further queries and back references to Chief Engineers. Six legible copies of the proforma along with the comparative statement, NIT and tenders should be submitted by Chief Engineers to the Central Works Board along with the rates at which works of similar nature were awarded in the recent past.

18.8 In accordance with the CPWD code, in cases where materials are supplied by Government to the Contractor, the amount of the contract should, for the purpose of determining the authority competent to accept it, be taken to be the net amount to be paid to the contractor, exclusive of cost of the materials so supplied calculated at issue rate.

18.9 The officers of CPWD shall not accept tenders in the following cases :

18.9.1 When the tender relates to a work not yet technically sanctioned. It may also be ensured that at the time of technical sanction the following are available:

(a) Detailed architectural drawings and specifications including items where rates are based on them.

(b) Structural drawings for foundations.

(c) Structural drawings of superstructure upto slab at level 2.

(d) Plans of internal and external services.

(e) It is also to be ensured that NIT shall be approved only if the following are available:

(i) Site, funds and approval of local bodies to plans.

(ii) Confirmation that materials to be issued to the contractor would be available.

(iii) Arrangement for issue of remaining drawings well in advance of actual requirement at site as per the programme of construction.

18.9.2 When tender exceeds the amount technically sanctioned for the work by an amount greater than the power of the technical sanctioning authority. Revised technical sanction is required to be issued by the next higher authority before acceptance of tender.

18.9.3 When tender involves liabilities exceeding the sanction for the works by an amount greater than 10% as such excess will require a revised expenditure sanction which should be applied for as soon as such an excess is foreseen.

18.9.4 In the case of road works under administrative control of MOT, Department of Surface Transport (Roads Wing) an excess upto 15% of the sanctioned amount or Rs. one crore whichever is less is permissible.

18.9.5 Until an assurance has been received either at the time of communication of expenditure sanction or subsequently, from the authority competent to provide the necessary funds that they will be allocated before the liability matures.

18.10.1 The reasons for accepting or rejecting a tender should be recorded on a separate sheet which should be attached to the comparative statement and removed before the case goes back into the office.

18.10.2 This sheet should be kept in the custody of the accepting authority and should not be sent into the office. It may be shown to the Gazetted Officer of the Audit Department on inspection, if he desires to see it.

18.11.1 If the lowest tenderer backs out, there should be re-tendering in a transparent and fair manner. In such a situation authority may call for limited or short notice tender if so justified in the interest of work and take decision on the basis of lowest tender.

18.11.2 In case the lowest tender is less than the estimated cost + 10% then no justification will be required to be given. Accepting authority however has to satisfy himself regarding the reasonability of rates of the lowest tender with those accepted in the recent past for similar works in the same area to ensure that above power is judiciously used.

Acceptance of Tenders at Market Rates with allowable Variations

18.12.1 It is not enough to accept the lowest tender. The tendered rates should be reasonable considering the market condition and other factors pertaining to particular works. Variations up to plus 5% in amount over the amount worked out at prevalent market rates may be ignored. In case of greater emergency, variation up to plus 10% might be allowed, but in no case, rate higher than 10% should be accepted.

Award of Works to Public Sector Enterprises

18.12.3 Purchase preference shall be given to the Public Sector Enterprises as per para 14.6.

Award of Work to State Government Contractors and Contractors of other Departments

18.12.4 When a contractor belonging to another Department, i.e. M.E.S./ Railway/ P & T or State P.W.Ds is issued a tender for particular work, immediately reference should be made by the E.E. to the authorities concerned to ascertain and verify the technical capabilities and financial resources of that contractor and the report received from that authority must be forwarded to the authority competent to accept the tender.

18.12.5 Where high rated tenders are accepted the authorities accepting such tenders should satisfy themselves about their reasonableness, taking into consideration the schedule rate plus increase in cost index plus other facts if any and should be in a position to justify the rates at which work is awarded. This justification should be placed on record. The plea that it is very difficult to justify the high rates or that the rises are due to various factors is not tenable. If the

Executive Officers keep themselves abreast of the changing circumstances, a rough approximation can certainly be made although not with so much exactitude.

18.12.6.1 In the preparation of justification statement for considering reasonableness of tenders, at present, mainly two methods are being followed with slight modifications, in CPWD. The first method consists of preparing detailed analysis of rates by taking market rates of labour, materials and cartage etc. The method of analysing item is the same as given in standard CPWD Analysis of Rates for major items on the whole costing about 90% of the estimated cost put to tender and working out the justified percentage on this basis. The second method consists of calculating the increase in cost due to (i) above increase in rates of stipulated materials over those adopted in schedule of rates used for estimate, (ii) increase in rates of non stipulated materials and (iii) increase in cost of labour. Any other suitable method may also be adopted.

For the justification of tenders, the issue rate (and not the market rate) of stipulated materials shall be considered for items where issue of materials is to be done, irrespective of the quantity of stipulated materials stated in the draft NIT/tender documents.

18.12.6.2 Items constituting about 90% of the estimated cost of work should be considered for preparation of justification statement. Items to be considered should be so selected which have higher estimated cost and amount. One should start with items having the highest estimated amount and then next lower in the descending order and so on, till the fixed percentage of estimated amount i.e. about 90% is reached.

18.12.6.3 The element of increase in cost due to materials stipulated for issue in tender documents such as cement, steel, etc. should be worked out by calculating the difference in the cost of these materials at issue rates plus 2 - 1/2% handling charges and estimated cost of these materials at Schedule rates plus 10% contractor's profits and over heads.

18.12.6.4 Increases in cost due to non-stipulated materials should be worked out by calculating the difference in cost of these materials at market rates plus 10% and the corresponding cost of these materials at rates indicated in the Schedule of Rates applicable plus 10%.

18.12.6.5 The element of carriage should be calculated separately for major materials because the leads of various materials would not be the same in different works. The increase in cost of carriage element for materials like steel, bricks, aggregates, sand, timber etc. may be considered. The market rates for items like Terrazzo tiles, A.C. sheets, sanitary fittings etc. should be inclusive of carriage and increase in their carriage need not be considered separately.

18.12.6.6 The increase in cost due to prevailing labour rates is to be worked out on the pattern of cost index taking weightages for labour only.

18.13.1 The adoption of a particular method should be decided judiciously by the authority competent to accept the tenders. In case of tenders to be accepted by the Central Works Board, the adoption of a particular method could be decided by the concerned Chief Engineer.

18.13.2 In the case of NITs approved by the SEs/CEs, they may collect the following details from the Executive Engineer :

(a) Market rates of specified items of non-stipulated materials and lead involved.

(b) Market rates of specified categories of labour.

18.14 The NIT approving authority shall take the help of Executive Engineer and other organisations like Bureau of Economics and statistics, Delhi Administration etc. for ascertaining the market rates.

18.14.1 For adopting rates for materials, it is necessary to consider all the factors regarding the rate. For example, discount on the price list are offered in many cases. In such cases, it is necessary to consider the discount also while adopting the market rate of the particular material. Detailed instructions for this also exists in Circular No. DGW/Accts/17 dated 30.5.91 which is also applicable for all types of items (i.e. Civil, Electrical, Horticulture etc.).

Acceptance of Single Tender

18.15 There are occasions when in response to call for tender only single tender is received. The power of various officers of this Department have been restricted to some extent with regard to acceptance of Single Tender. These powers are given in the Appendix 1.

Procedure for Conducting Negotiations

18.16 Negotiations should not be conducted with the tenderer but in cases where it becomes necessary to do so, negotiations should be restricted only to the lowest tenderer.

It is, however, clarified that though no post tender rebate reduction in any manner will be accepted, this does not restrict the officers to negotiate with the first lowest contractor/tenderer.

Procedure for Conducting Negotiations for award of contracts requiring approval of the ADG/DGW/Central Works Board

18.17 No tenders, which are required to be accepted with the approval of the Central Works Board/DG(W)/ADG, should be rejected by any lower authority and all such tenders should be submitted to the Board/DG(W)/ADG for consideration. It will be for the Board/DG(W)/ADG to reject them or to approve them or to authorize negotiations.

It is clarified that if negotiations are required in case of tender to be sent to Central Works Board CE will negotiate with the lowest tenderer before sending the tender, to Central Works Board.

Communication of Acceptance of Tender

18.18.1 The tender for works shall remain open for acceptance for a period of sixty days from the date of opening of tenders. (Appendix - 22)

18.18.2 After the tender for the work has been accepted the same will be communicated to the contractor in the following form : (Annexure)

A copy of the letter should also be endorsed to the following in addition to the Departmental Officers and the concerned branches:

- (i) Assistant Labour Commissioner (Central).
- (ii) Conciliation Officer (Central).
- (iii) Income-tax Officer (Concerned).

- (iv) Labour Officer.
- (v) SE(TLQA) of the region/SE(QA) Core Wing.
- (vi) Contractor's enlistment authority.

Annexure

(BY REGISTERED POST)

(Form of letter of acceptance of tender)

From

The Executive Engineer, Division,
C.P.W.D.

To (Name and address of the Contractor)

No. Dated, the

Subject

Dear sir (s),

Your tender for the work mentioned above has been accepted on behalf of the President of India at your tendered percentage of below/above the estimated cost, tendered amount of Rs.

2. You are requested to attend this office to complete the formal agreement within fifteen days from the stipulated date of start.

3. You are also directed to start the work at once. Please note that the time allowed for carrying out the work as entered in the tender, shall be reckoned from the day after the date of this order to commence work.

4. You are requested to contact the Assistant Engineer (Complete address) for taking possession of site and starting the work.

Yours faithfully,

EE

For and on behalf of President of India

18.18.3 The tenderers whose tenders are rejected should be sent written intimation about the rejection.

18.19 In special case where the work is required to be completed in short time and it is not desirable to allow 10 days period for commencement of work, Central PWD Officers may reduce this period and make necessary change in contract form and the letter of acceptance of tender.

18.20 In the acceptance letter, the officer accepting the tender should give a reference of all the contractor's letter received with the tender or thereafter and/or incorporate the fact of acceptance or rejection of the condition mentioned in the letter of the contractor.

SECTION 19

Earnest Money

Necessity for Earnest Money

19.1.1 According to the practice in Central PWD, earnest money is paid by each tenderer to enable Government to ensure that a tenderer does not refuse to execute the work after it has been awarded to him. In case where a tenderer fails to commence the work awarded to him, the earnest money is absolutely forfeited to the President.

19.1.2 If only a part of the work as shown in the tender is awarded and the contractor does not commence the work, the amount of the earnest money to be forfeited to the Government should be worked out with reference to the estimated cost of the work so awarded.

Rates of Earnest Money

19.2 The amount of the earnest money which a contractor should deposit with the tender is regulated by the following scales. In case of petty works costing Rs. 5,000/- or less the Executive Engineer may, at his discretion, dispense with the conditions for calling for earnest money.

- (i) For works estimated to cost upto Rs. Twenty five crores 2% of the estimated cost .
- (ii) For works estimated to cost more than Rs. twenty five crores Rs. fifty lakhs plus 1% of the excess of estimated cost over Rs. twenty five crores.

19.2.1 Rules For Enlistment of Contractors in CPWD, 2001, do not provide for exemption of depositing earnest money with individual tenders by the contractors. Therefore, no exemption of earnest money against lump sum deposit is to be mentioned in the enlistment/revalidation orders.

Mode of Deposit

19.3 The earnest money may be accepted only in the following forms :

- (i) Cash upto Rs.10,000/-.
- (ii) Treasury Challan.
- (iii) Deposit at Call receipt of a Scheduled Bank guaranteed by the Reserve Bank of India.
- (iv) Banker's Cheque.
- (v) Demand Draft.
- (vi) FDR.

It should be ensured that the FDR is valid for a period of six months or more after last date of receipt of tenders and that it is pledged in favour of the tender inviting authority.

If the banks are closed on the day of opening of tenders, the date of opening shall be postponed suitably.

19.4 When it is required that earnest money should be deposited in the Treasury/accredited Bank direct by the Contractor the Divisional Officer/Sub-Divisional officer should prepare Challan (Form TR 6/GAR 7 in-duplicate). The classification should be correctly noted in the column "Head of Account". The earnest money for individual works shall be classified under the Head "Revenue Deposits". The Challan in-duplicate may then be handed over to the Contractor who should pay the amount into the Treasury of Bank on behalf of the Divisional Officer/Sub-Divisional Officer. The receipted challan shall be sent by the Contractor along with the tender.

Refund of Earnest Money

19.5.1 Earnest money given by all contractors except the lowest tenderer should be refunded within a week from the date of receipt of tenders. Entry of D.D./Banker's cheque received with tenders as earnest money may be kept in tender opening register and these need not be deposited in the bank except for the lowest tenderer.

19.5.2.1 The EE should periodically review the tender registers with a view to ensure that the Earnest money is refunded in time. If the tenderers do not come forward to get their challans endorsed for refund the challans should be sent to them by Registered post within a week after expiry of the prescribed period.

19.5.2.2 To avoid delay in refund of earnest money and also to avoid chances of mal-practices as a consequence of such delay, written intimation about rejection of tenders should always be sent as per para 18.17.3 under Section 18 of CPWD Works Manual 2002 and a note should also be recorded on the office copy of the acceptance letter that the intimation to the tenderers whose tenders have been rejected has been sent.

19.6.1 In cases where earnest money is deposited direct into the Treasury or Bank and receipted Challan submitted along with the tenders the amount will be refunded in the case of unsuccessful contractors by making requisite endorsement on the original challans as per Rule 630 of the Central Treasury Rules.

19.6.2 In the case of successful tenders the transfer of the amount to the credit of the PWD Division will be got effected, as per rule 631 of Central Treasury Rules and the amount then noted on both sides of the cash book as receipt from the contractor creditable to PWD and payment into Treasury. The amount should, then, be included in the amount of the consolidated Treasury receipt for the month to be obtained from the Treasury Officer.

19.6.3 Earnest money deposits of Civil Departments may be refunded under the authority of an order endorsed by the departmental Officer (in whose favour the deposit was made) upon the original deposit receipt. Under no circumstances can part payment be made.

19.6.4 If the departmental officer desires that an Item of earnest money deposit, instead of being refunded be carried to the credit of the Government in the Consolidated Fund he must record the fact on the deposit receipt and in his initial records and request the Accounts Officer to effect necessary adjustment in Accounts.

19.7 As an exemption earnest money in Legal Tender notes and deposit at call receipt of Scheduled Banks attached to the tender and returned to the

Contractors whose tenders are rejected on the same day as the tenders are opened by the Divisional Officer, need not pass through the Division Accounts, provided that the contractor concerned gives a stamped receipt for the money in the register maintained in the Divisional Office and that the register is to that extent treated as a subsidiary cash book and consequently as an accounts form. Earnest money which is received prior to the date fixed for opening of the tenders, or which for any reason cannot be refunded on that day should be brought to account in the cash book and returned subsequently to the contractors under the ordinary rules.

Earnest Money is not Security Deposit

19.8 The earnest money, which a tenderer for a CONTRACT is called upon to furnish along with his tender for the contract is not a security deposit within the meaning of rule 45 of the Saving Bank Rules for depositors. No account can, therefore, be opened for the deposit of such earnest money in the Post Office Saving Bank.

Forfeiture of Earnest Money

19.9.1 If any tenderer withdraws his tender within the validity period or makes any modifications in the terms and conditions of the tender which are not acceptable to the Department, then the Government shall, without prejudice to any other right or remedy, be at liberty to forfeit 50% percent of the earnest money absolutely.

19.9.2 In case the contractor fails to commence the work specified in the tender documents on 15th day or such time period as mentioned in letter of award after the date on which the Engineer-in-Charge issues written orders to commence the work, or from the date of handing over of the site, whichever is later, the Government shall, without prejudice to any other right or remedy, be at liberty to forfeit whole of the earnest money absolutely.

19.9.3 In cases where work/supply is awarded on the basis of quotations and a condition for depositing earnest money is laid down in the notice inviting quotation, the following condition shall be stipulated in the NIQ :

"The quotation for the work/supply shall remain open for a period of days from the date of opening of quotations. The Government 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 that date or makes any modification in the terms and conditions of the quotation which are not acceptable to the department, and to forfeit 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 scope, if any) in prescribed time or abandons the work/supply before its completion."

19.10 In composite contract for dismantling of existing structure and construction of new structures, the contractor shall be required to deposit caution money equivalent to 50% of the credit likely to be obtained from dismantled materials before the site is handed over to the contractor. This caution money shall be refunded after the cost of dismantled material is finally recovered and the site is cleared by the contractor.

SECTION 20

Security Deposit

Rate of Security Deposit

20.1 The security deposit will be collected by deductions from the running bills of the contractors at the rate mentioned below and the earnest money, if deposited in cash at the time of tender, will be treated as part of security deposit. The security deposit will also be accepted in cash or in the form of Government Securities, Fixed Deposit Receipts. Performance security may be accepted as Bank Guarantee of Scheduled Banks and State Bank of India :

A sum @ 10% of the gross amount of the bill shall be deducted from each running bill of the contractor till the sum along with the sum already deposited as earnest money, will amount to Security Deposit of 5% of the tendered value of the work. In addition, the contractor shall be required to deposit an amount equal to 5% of the tendered value of the contract as Performance Security within the period prescribed for commencement of work in the letter of award issued to him.

Forms of Security Deposit

The security from a contractor should be taken in one of the forms recognised by the Government of India, such as given below. Conditions noted against each form of security deposit should invariably be kept in view. The recognised forms of interest bearing securities and the conditions to which they are subject, are indicated below:-

Forms of Security Conditions

1 2

SECTION 21

Refund of Security Deposit and Performance Security

Conditions for Refund of Security Deposit

21.1 The Security Deposit and Performance Security shall not be refunded to a contractor except in accordance with the terms of his security bond or agreement.

21.2.1 In case of works executed against agreements in Forms PWD 7 & 8 the refund of security deposit to a contractor on the completion of works is regulated by Clause 17 thereof. This clause envisages the issue of a completion certificate in terms of Clause 8 of the Contract. Such completion certificate shall be issued by the authority in a manner detailed in section 29.

21.2.2 The Performance Security shall be refunded to the contractor on completion of the work and recording of the completion certificate as above.

21.3 In cases the completion certificate is recorded by a junior Engineer/Sectional Officer, the S.D.O. concerned shall countersign it within one month. In case of works costing more than the normal acceptance power of tender of EE, the original certificate must be recorded by the S.D.O. and countersigned by the Executive Engineer within one month. If the S.D.O. is not available the Executive Engineer should himself record the certificate.

21.4 The period of maintenance as prescribed in Clause 17 of the Contract will be counted from the date of completion as recorded in the certificate mentioned

above. The Security Deposit of the contractor should be refunded by the Executive Engineer after the prescribed maintenance period as stipulated in the agreement or after the final bill has been prepared and passed for payment, whichever is later.

21.5 The Divisional Officers should keep a close watch on the delays in the refund of security deposit to contractors and for this purpose they should periodically review the register of security deposit Form PWA 67 maintained in the Division. (The instructions contained in para 22.4.20 of the CPWA. Code will continue to be observed as a normal procedure).

Lumpsum Deposits Recoveries and Release

21.6 Once the recoveries become due from the contractor, the same should be effected from the money due to the contractor either from the same work or from any other work or from the security deposit. Action to recover the overpaid amount should not pend or be in abeyance on account of the case being before the arbitrator. Action in terms of the award can be taken after the award is received and accepted by competent authority. The recovery of overpaid amounts should be effected as early as possible and the recovery should not be held in abeyance during the pendency of arbitration proceeding.

Time Limit on Claims for Refund of Security Deposit

21.7 The claim for refund of security deposit is governed by the Limitation Act. The period of limitation is 3 years commencing from the date the right to due accrues. In the case of security deposit paid along with the individual contract, the right to due would accrue under Clause 17 after the maintenance period or payment of final bill whichever is later.

Refund of Security Deposit, regarding Specialised Items of Work

21.8 The specialised items of work such as anti-termite treatment, waterproofing work, kiln seasoned and chemically treated wooden shutters etc. shall be entrusted to specialised firms or registered contractor but they should be asked to give a specific guarantee that they shall be responsible for removal of any defect cropping up in these works executed by them with in guarantee period. The form of the guarantee to be executed by the contractors is given vide Appendix - 24. It has further been decided that 10% of the security deducted from the bills of the contractors shall be refunded to him after expiry of maintenance period in accordance with the terms of the contract in this behalf. The Divisional Officer shall, however, maintain a register in which all these works carried out in the Division shall be entered and which shall be reviewed by the EE. The Register will contain the following heads :—

Name of the work:

Date of completion:

Specification in brief:

Rate paid.

Name of the firm/or registered contractors:

History of all defects with date noticed during the guarantee period,

and

Action taken by the firm.

The history will help as a ready reference about the efficiency and the quality of the work done by the firm.

Divisional Accountant's responsibility for prompt Refund of Security Deposit

21.9 In order to avoid delay in the refund of security deposit to the contractor, the Divisional Accountant should put up to the Divisional Officer, every month a list of all the cases where the security deposit becomes due for refund so that the requisite certificate is immediately obtained by the Divisional Officer from the Sub-Divisional Officer concerned and the security deposit refunded without waiting for any application from the contractor.

SECTION 22

Agreements/Contracts Essential Features

22.1.1 The Ministry have full powers to accept tenders and are authorised to frame subsidiary rules relating to the calling for or acceptance of the tenders and the general procedures connected with the contracts. There are, however, certain general principles and guide lines laid down for acceptance of tenders which are required to be observed by subordinate authorities empowered to enter into contract or agreement involving expenditure from Public Funds.

22.1.2 No contract shall be made by a subordinate authority which has not been directed or authorised to do so by or under the orders of the President in terms of Article 299 (1) of the Constitution.

22.1.3 The President should be made a party to every contract of the Government and the words "for and on behalf of the President of India" should follow the designation appended below the signature of the Officer authorised in this behalf under Article 299 of the Constitution and executing the contract.

22.1.4 Terms of contract must be precise and definite and there must be no room for ambiguity or misconstruction therein. In Central P.W.D. standard contract forms have been prescribed to avoid this contingency. The alternative conditions given in the standard forms which are not applicable to a particular contract should be invariably scored out. In case where standard forms of contracts are not convenient to be used, legal and financial advice should be taken in drafting the contracts before they are finally entered into.

22.1.5 No relaxation of specification in a contract, or relaxation of the terms of an agreement entered into by the government should be made without proper examination of the financial effect involved in consequence of such relaxation. The interest of the public exchequer should be taken due care before agreeing to any relaxation of agreement or contract. Save in exceptional circumstances, no work of any kind should be commenced without prior execution of contract documents. Even in cases where a formal written agreement is not made, no order for supplies etc. should be placed without at least a written agreement as to the price and other terms of agreement.

22.1.6 "Cost Plus" contract should be avoided except where they are inevitable and prior written approval of DG(W) has been obtained.

Explanation: A "Cost Plus" contract means a contract wherein the price payable for supplies or services under the contract is determined on the basis of the actual cost of production of the supplies or services rendered plus profit either at a fixed rate or unit or at a fixed percentage on the actual cost of production.

22.1.7 The terms of the contract once entered into should not be materially varied without the previous consent of the authority competent to accept tender/offer for the contract as so varied. No such variation involving payment to contractors by way of compensation or otherwise outside the strict terms, of the contract or in excess of the contract rates, shall be authorised without the prior approval of the Ministry of Finance. A variation of the terms of contract which has been approved by such officer, shall be made by writing executed "for and on behalf of the President of India" by an Officer who is authorised by the order under Article 299 of the Constitution to execute the original contract.

22.1.8 No contract involving an uncertain or indefinite liability or any condition of an unusual character should be entered into without the previous consent of the Ministry of Finance.

Power to Sign Agreements

22.2.1.1 The Divisional Officer shall sign all agreements for execution of works "for and on behalf of the President of India" after the acceptance of tenders by the competent authority. However, the Sub-Divisional Officers, instead of Divisional Officers, can sign the agreements for works costing within their powers "for and on behalf of the President of India" after the tenders have been accepted, by the competent authority. In case the tendered amount of a tender, which was initially within Sub-Divisional Officers' power of acceptance, goes beyond his power and is accepted by the Executive Engineer, the contract will be signed by the Sub-Divisional Officer after such acceptance by the Executive Engineer.

22.2.1.2 There should be no delay in executing the agreement as soon as tenders have been accepted. The Divisional Officers/Sub-Divisional Officers should see that conditions not existing in the approved tenders are not in any case, allowed to be embodied in the agreements. A record of the agreements drawn up should be kept in Form PWD 42.

Recording of Date of Acceptance of Tender in the Agreement

22.2.2 The date of acceptance of tender as shown in the letter of acceptance of tender and award of work issued to the contractor, which forms part of the agreement, should be indicated in the space at the bottom portion of Page 2 of Agreement Form PWD 7, 8 etc. as the case may be.

22.2.3 Before signing agreement, it must be ensured that no conditions are inserted which were inadvertently omitted in the tender papers, though included in the NIT. Similarly, no errors, which might have inadvertently crept in NIT, should be corrected.

Supply of Copies of Contracts to Contractors

22.3 Two sets of contract documents should be prepared and signed by both the parties on each page. One of the sets should be stamped "Original" and the other "Duplicate". The duplicate copy should be supplied to the contractor free of cost. For any additional copies required by the contractor the following prices be charged for each copy:—

- (i) Works costing upto Rs. One lakh. Rs. 0150/-
- (ii) Works costing between Rs. One lakh and Rs. fifty lakhs. Rs. 0500/-
- (iii) Works costing more than Rs. fifty lakhs and upto Rs. two crores. Rs. 1000/-
- (iv) Works costing above Rs. Two crores. Rs. 1500/-

The additional copies should not be marked "

SECTION 23

Extra Substituted and Deviated Items of Work

Deviation

23.1 Deviation means deviation in quantities of items, i.e. where there is increase or decrease in the quantities of items of work in the agreement. In other words, the nomenclature of work remains the same but the quantities vary with those provided in the agreement. The powers of the officers to approve such deviations in quantities of agreement items are given in Appendix-1.

The powers delegated to various officers may be exercised independently. This means that upto S.E. level, the total deviation can be approved to the extent of 60% (10% by AE, 20% by EE & 30% S.E.) subject to permissible deviation as per agreement.

Prior Sanction of Competent Authority Necessary

23.2.1 No deviation in the quantity of any item should be made at site without the prior approval of the competent authority.

23.2.2 The Junior Engineer/Assistant Engineer in-charge of the work shall be responsible to assess the anticipated deviation and to initiate Deviation item Statement for the work to be done in excess of the agreement quantity of any item well in advance. They shall allow the execution of work in excess of the agreement quantity only after the excess over the agreement quantity has been approved by the competent authority.

23.2.3 The fact that the deviations are shown in the architect's plans should not be construed as having the sanction of the competent authority. The Architect should similarly, obtain prior concurrence of the technical sanctioning authority for making deviations from the approved plans, on the basis of which, estimates have been framed and tenders called for.

23.2.4 In case payment for the work done in excess of the agreement quantity of any item has been included in any running account bill or final bill without the approval of such excess by the competent authority, it shall be the responsibility of the Auditor and the Divisional Accountant/Head of the accounts Branch of the Divisional Office to bring it to the notice of the Executive Engineer who shall allow payment for the quantity upto which excess has been approved by the competent authority and pass the running account bill/final bill accordingly.

23.3 As per the provisions of Clause 12.1.2 vi(A) & vi(B), payment for quantities which exceed the deviation limit stipulated in Schedule - F for any individual item of work will be made as per provisions contained in Clause 12.2. or 12.3. In all such cases, rates for payment for quantities exceeding the deviation limit will be sanctioned by the authority who accepted the tender before payment is released to guard against overpayment in cases where market rate is less than the agreement rate. In cases of tenders accepted by the AE, rates for payment for quantities exceeding the deviation limit will, however, be made with the prior approval of Executive Engineer.

Extra/Substituted Items

23.4.1 Extra items of work are Items, which are completely new and in addition to the items in contract.

23.4.2 Substituted items are items which are taken up in lieu of those already provided in the contract. These are with partial modification in items of work in the contract. If an agreement item is completely changed, the new time taken up in lieu of it is an Extra Item.

23.5 Wordings of extra/substituted items sanctioned by competent authorities should be properly formulated so as to reflect the exact mode of execution in the field.

23.6 No extra/substituted item should be executed without the prior approval of the authority who accorded the technical sanction.

23.7 The Technical Sanctioning Authority shall have full powers to approve rates for Extra/Substituted items. However, in case of works technically sanctioned by AE/AEE/EE, if the amount of Extra/ Substituted items exceeds 30% of the agreement amount, the excess over 30% shall be approved by the next higher authority.

23.8 The contractor will be asked not to include the Extra/Substituted items in the bill till the sanction of the rates by the competent authority. Even if he does, it will be the duty of the Divisional Accountant to bring this fact to the notice of the Executive Engineer, who will not release the payment against such items.

23.8.1 The payment of extra item and deviation item beyond the permissible limit as given in the agreement will be worked out at market rates prevailing at the time of commencement of execution of these items. For substituted items, the agreement rate of the original item will be adjusted for the difference in market rates of original and substituted items.

Fixation of Rates for Deviated/Extra/Substituted Items

23.9 For working out of rates under sub-clause 12.1.2 (i), (ii), (iii), (iv), and (viA) & (viB) of Clause 12 of Form (PWD 7 and 8) the contractor is not required to submit his rates and these have to be worked out in accordance with the provisions made therein.

The same can be and should be done by the Engineer-in-Charge well in advance of the taking up of the work connected with the extra/substituted items in question and without waiting for any reference from the contractor.

Measurements for Inadmissible Items

23.10 In case of items which are claimed by the contractor but are not admissible according to the Department, measurements should be taken for record purposes only and without prejudice so that in case it is subsequently decided to admit the contractor's claims, there should be no difficulty in determining the quantities of such work done. A suitable remark should, however, be made in red ink against such measurements to guard against payment in the ordinary way.

Rates for Extra Items allowing Profits and Overheads on Stipulated Material Supplied to Contractors

23.11 2.5% may be added as profit and over heads over the issue rates of materials stipulated in the contract while analysing rates for extra items. The percentage represents the following charges :

- (i) Office expenditure of the contractor.

- (ii) Storage of materials.
- (iii) Handling expenses and other incidental charges.
- (iv) The percentages does not include transport charges.

23.12 The rates of extra/substituted items either pertaining to contract Form PWD 7 and 8 may be worked out net including contractor's enhancement/abatement, and the fact should be prominently mentioned on the statement at the end that the rates include contractor's enhancement/abatement in the extra/substituted items.

SECTION 24

Site Order Books and Inspection Registers

Maintenance of Site Order Books

24.1 Site Order Books shall be maintained in the form prescribed in Appendix 26. The site order book shall be printed and its pages machine numbered and issued by the Executive Engineer in different sizes containing varying number of pages, depending upon the work. A fly-leaf should be attached with each site order book containing instructions regarding maintenance of site order books. These will be maintained properly and preserved for a period of 5 years or up to the time all disputes/arbitration cases of the work are finally settled, whichever is later after completion of a work in the same manner as a Measurement Book. The following procedure shall be followed regarding the maintenance of site order books :

(a) Senior Officers of the rank of Superintending Engineer and above shall communicate their observations by way of inspection notes.

(b) Whenever any Senior Officer gives verbal instructions to his Junior Officer at the site of work, it is necessary that he should confirm such orders in writing. In any case, it should be the responsibility of the Junior Officer to get these confirmed in writing. Though verbal orders have to be got confirmed in all cases implementation of these verbal orders should not be delayed for want of confirmation.

(c) While carrying out field inspections, the architects may point out architectural defects, through separate inspection notes and their observations shall be acted upon by field staff after proper examination from technical, contractual and financial angle.

(d) So far as Executive Engineers and Assistant Engineers are concerned, they should invariably sign Site Order Books in token of their having read all the instructions issued by various Officers and replies made thereto. In case Executive Engineers or Assistant Engineers themselves want to give any instructions, they should record them in the site order books. In regard to important matters they may find it necessary to communicate such orders even in writing in the form of inspection notes.

(e) Junior Engineers should also record their observations in the Site Order Books if they find any defective work going on or contractors not complying with the terms of contract.

(f) Site order books should be maintained on the site of works and should never be removed therefrom under any circumstances.

(g) The contractors or their authorized agents will also be at liberty to note their difficulties etc. in these books.

(h) The compliance of orders/instructions given by the Supervisory Staff should be recorded side by side in the site order books by the JE/AE/AEE with dated initials and the date of compliance.

(i) The site order books should be consulted at the time of making payments to contractors. The Assistant Engineers/Assistant Executive Engineers, as the case may be, should record the certificate on the Bills, submitted by the Contractor, to the effect that the site order books have been consulted before

signing such bills. This would enable the AEs/AEEs to ensure whether the defects pointed out during construction have been rectified or not and also to propose part rates, if necessary, before the payments are made for the items of defects pointed out which have not been rectified.

Maintenance of Inspection Register

24.2.1 An Inspection Register is required to be maintained at every site of work, duly issued by Executive Engineer and docketed from the Division Office.

24.2.2 The proforma for inspection register shall be as per Annexure.

24.2.3 Whenever he visits the site, S.E. shall record the date and time of visit, items inspected and his observations. Entry of visit should be made even if no defects were observed.

24.2.4 Similarly, C.E. shall record his observations in inspection register, at least in 50% visits and in other visits he shall at least sign the inspection register in token of his visit to the work.

24.2.5 If for some reason, C.E. is not in a position to do so, he may direct the E.E. to record his observations in the inspection register and send a copy of those observations to the C.E. by way of confirmation.

24.2.6 Alternatively, C.E./S.E. may issue inspection notes, copies of which shall be pasted in the inspection register.

24.2.7 It will be the responsibility of the E.E. to ensure that the observations of the inspecting officers for each and every visit are available in the inspection register either through recorded notes or through pasting the inspection notes.

24.2.8 E.E./A.E. shall carry over such observation and defects, on which action is to be taken by contractor, to the site order book with cross reference in the inspection register.

24.2.9 It is also necessary that the observations recorded in the inspection register by SE/CE are reviewed during subsequent inspections to ensure their compliance.

24.2.10 These are also required to be reviewed during Q.A. Inspection.

SECTION 25

Issue of Materials to Contractors

Issue of Materials

25.1 Issue of materials to works, whether from stock or by purchase, transfer or manufacture, are divided into two classes :-

25.1.1 Issue to Contractors : Issue of materials to contractors with whom agreements in respect of completed items of works i.e. for both labour and materials, have been entered into.

25.1.2 Issue Direct to Works : Issue of materials when work is done Departmentally or by contractors whose agreements are for labour only.

25.2.1.1 The issue of materials to contractors is to be stipulated in contracts, which are for completed items of work, only in the following circumstances:

(i) When it is necessary to retain in the hands of Government the supply of imported materials.

(ii) When, in the interest of work, or with the object of utilizing existing stocks or materials, it is desirable to retain in the hands of Government the supply of certain other materials as well, and a condition to this effect has been inserted in the contract.

25.2.1.2 Stipulated materials shall be issued for use at site on works, for all the items where such materials are required. For factory made products like pre-cast cement tiles, pre-cast hollow concrete blocks, pre-cast foam concrete blocks, pre-cast RCC pipes etc., stipulated materials shall not be issued.

25.2.1.3 It should also be ensured that description of the materials to be issued should be adequately specified in order to obviate chances of any dispute. For example, if cement is specified for issue, its grade and colour i.e. whether it is grey cement or white cement should be stated and also whether it will be in bags or otherwise.

25.2.2.1 The contract should specify (1) the materials to be supplied by Government for use on the work, (2) the place or places of delivery, and (3) the rates to be charged to the contractor for each description of materials and the contractor should be held responsible for obtaining from Government all such materials required for the work and for making payment therefor, by deduction from his bills, at the rates specified, regardless of fluctuation in the market rates or in the stock rates of the Division. Conditions for supply of departmental materials should be so explicit that no doubt or ambiguity is left which may encourage the contractor to derive undue financial benefit subsequently. The tender documents should include the specific items of work for which materials are intended to be issued by the department with detailed description of materials.

25.2.2.2 In contracts entered into by the department for works, stipulation to issue departmental materials such as steel, cement etc. free of cost, should be avoided. However, in some exceptional cases, if such free issue of departmental materials is stipulated, it should be ensured that suitable provisions are made in the contract with regard to return of surplus materials and/or material used in excess of theoretical requirement. The provision for wastage/variation, if any, that will be permitted should be clearly indicated. The

recovery rate for effecting recovery from the contractor, in case the excess materials are not returned or if the wastage/variation is more than the permissible limit, should also be clearly stipulated.

25.2.2.3 In the MAS Account and in the unstamped receipts obtained from the contractors for the materials issued to them (especially in the case of electrical materials and fittings) and even when these are issued free of cost, as stipulated in the agreement, make of materials/fittings and full technical details of the accessories shall be clearly indicated to ensure that the same materials/fittings as issued by the Department are kept in safe custody by the contractor at all times and used on the works for which these are issued.

25.2.2.4 It is not permissible for the contractor to obtain the materials otherwise where the contract stipulates the issue of materials by the Department unless in a case of emergency the supply has been entrusted by the Engineer-in-Charge, for recorded reason to the contractor himself at suitable rates.

25.2.2.5 The rates to be charged to the contractors for materials to be supplied should be definitely specified (vague provisions e.g. at stock rates being avoided) and if intending contractors had been told that the materials would be supplied at certain rates and asked to tender on that assumption, then that rate should be adhered to in the contract.

25.2.3.1 No carriage or incidental charges are borne by Government for moving the materials beyond the place where the contractor has agreed to take delivery thereof.

25.2.3.2 For works in CPWD costing more than Rs. five crores, departmental issue of cement and steel is not to be stipulated and the contractors be asked to arrange these materials themselves. For works costing between Rs. one crore and Rs. five crores, the Chief Engineer may decide whether or not to stipulate departmental issue of cement and steel in individual cases.

Issue of Materials When Not Stipulated

25.3.1 As a general rule, no other material should be supplied to contractors, for use on works, but this restriction may be waived by the Sub-Divisional Officer in respect of petty issues (at full issue rates) of materials from existing stocks, not exceeding Rs. 1000/- in any month for any one contract.

25.3.2 If at any time subsequent to the execution of a contract for finished items, the contractor desires the issue to him, for use on a work, of materials which exist in Government stores, but the supply where of by Government was not provided for in contract, the materials should not be issued except with the express authority of the SE who should specify in each case the rate to be charged for the materials inclusive of delivery at the place where they are stored. When submitting such a case to the SE the Divisional Officer should elucidate the circumstances which gave rise to this contingency and should also add his recommendations in respect of the recovery rates for such materials. The rate charged for the materials should be that provided in the analysis of rate for item of work on which it would be used plus or minus the percentage above or below the Schedule rate allowed to the Contractor or market rate or stock issue rate plus storage charges whichever is higher. No carriage or incidental charges should be borne by Govt. in connection with the supply.

25.3.3.1 Where the finished item in which the materials to be used is available in the agreement, while adopting the three rate formula, the rate as

per analysis should be taken as basic rate adopted in the analysis of rate plus 7-1/2% contractor's profit multiplied by the percentage the rate quoted for that particular item bears to the estimated rate of the item. In case the same material is to be used in more than one finished item this percentage should be worked out on an average basis taking into account the tender rates and estimated rates for these items (weighted average).

25.3.3.2 Where the finished item in which the material is to be used is not available in the agreement or where its rate is derived according to clause 12.1.2(vi)A & (vi)B of the agreement, the element of rate for the materials taken in the analysis of rate of the item should be considered while applying the three rate formula.

25.3.4 Issues of stock materials to contractors for bona-fide use on works are exempted from the usual charge of 10% on account of supervision and contingencies, which is made when stock materials are sold to the public.

25.4 In cases in which the Government undertake to supply materials to contractors full description of materials as also its condition should be indicated in the relevant conditions of agreement with a view to safeguard the interest of Government.

25.5.1 Divisional Officers should not make any provision in the tender for the supply of materials by the Department to the contractors if the materials are not available for issue from the Government stores.

25.5.2 Free issue of non-stipulated materials to the Contractor should be avoided as far as possible.

Issue, Supply and Recovery of Cost of Materials

25.6.1 An unstamped but dated acknowledgment detailing full particulars of the materials including rates and value chargeable to him should immediately be taken from the contractor as soon as any materials required for issue to the contractor is made over to him.

25.6.2 It should be ensured that the materials are not issued to contractors arbitrarily and without keeping eye on the actual requirement at site. It is essential that issues to contractors should be regulated and restricted to actual requirements depending on the progress of the work.

25.6.3 The theoretical consumption statement for consumption of cement on the work executed from the start of the work up to and including the work included in the bill should be invariably prepared along with every running bill. This should be got signed from the Contractor at the time of obtaining his signature on the running account bill so that he is aware of the basis on which the theoretical quantity of cement is worked out and it may be possible for the contractor as well as the Department to exercise a check over the consumption of cement during the execution of the work. The theoretical quantity so worked out should be compared with the actual issue of cement as per cement register as on the last date of the measurement of the work. Should there be any difference beyond the normal limits of variations between these two quantities, such difference should be properly explained both for less or more consumption by the AE and the EE should go into such explanations and take remedial measures.

25.6.4 In order to have an effective control, the following drill should be observed:

1. The cement godowns should be properly and effectively double locked, keys of one of the locks remaining with the department and that of the other with the contractor.

2. The pages of cement register should be as per Appendix - 27 machine numbered and each page initialled by the EE. The cement godown and the register should be checked by the AE/EE in-charge of the work as per following:

(i) At least weekly or fortnightly, respectively, in case of works at the headquarters of AE/EE,

(ii) Whenever they visit the site of work in case works located outside the Sub-Divisional/Divisional headquarters, and

(iii) In case of large concentrated projects like bridges etc. the EE should check the cement register at least fortnightly.

3. For additional safe guard, the following instructions should be followed:

(a) For all works costing more than Rs. Ten lakhs and using cement, the contractor shall distinctly display a board at work site on the cement store indicating the opening balance on a particular date, receipt during the day, issue during the day and closing balance at the end of the day (The entries for receipts and issues shall be updated immediately on physical receipt and physical issue and also at the end of the day).

(b) While issuing an indent for fresh cement/steel, the balance material available at the site should be checked. The AE must record on the body of the indent, the balance of such material available at the time and date of issue of the indent which should be taken into account by the Executive Engineer before signing the indent.

(c) At the time of receipt of the materials, not only the date but also the time of receipt may be mentioned in the cement register as well as in the MAS register. The entries should be made separately for each truck giving the gate pass number. The consignee should also indicate the time/date of receipt of material on the gate pass returned to the Central Stores through the transporter. Gate pass should be counter signed by AE for all quantities of cement received against indents of 10 tonnes and above.

(d) The cement/steel & other materials received from Stores/Local purchase etc. on any particular day, shall not be used in the work or transferred to any other work for 24 hours from the time of receipt at site, for physical check and verification by the AE. Cement already available in the Store should be consumed first, before issue from the new consignment. Similarly new steel items should be stacked in countable shape before these are used to facilitate physical check. The principle of first in and first out in issuing cement bags should be strictly followed.

(e) The recovery from the contractor shall be regulated as per Clause 42 of the agreement and its interpretation may also be referred to in Section 32.

25.6.5 For making comparison of the actual consumption of steel with the theoretical consumption, each diameter of steel bars should be treated as an individual item issued Departmentally and check on theoretical consumption should be applied to each diameter.

25.6.6 Theoretical consumption statement for steel bars should be prepared along with every running bill. Should there be any case of issue being less or just equal in any particular diameter/section than the actual consumption, this should be properly investigated. If such issue diameter wise/section wise or in total is very much higher than the consumption, it should be generally ensured that balance steel is available at site in good condition and this should be certified by the Asstt. Engineer. Any serious discrepancies noticed should be reported to the SE.

25.6.7 Similar precautions should be taken in the case of all other materials issued by the Department.

Issue Rates

25.7 Issue rates of cement, steel or any other items in the contracts should not be less than the market rates of these commodities irrespective of the issue rate of the Central Stores.

25.8 The recovery from a contractor on account of the cost of materials issued to him for use on a work should ordinarily be made by deduction from the first bill authorizing an advance payment or an on account payment to him for the work. However, the recovery from contractor on account of the cost of materials issued to him for use on a work may be made gradually by the Divisional Officer on the basis of the theoretical consumption plus wastage of the material used in the work measured up-to-date. For each bill the field staff should certify that balance material is available in Contractor's custody. In case of shortage, the same should be recovered.

25.9.1 Sub-Divisional Officer shall maintain a proper numerical account in Form 35 A for materials issued to the Contractor.

25.9.2.1 Where free supply of bitumen is stipulated, recovery rate for supply in excess of permissible variation, (2.5% over theoretical consumption) shall be equal to stock issue rate plus 10%. No recovery should be made for less use of bitumen.

25.9.2.2 Where bitumen is supplied at a fixed rate, issue rate plus 10% recovery should be made for supply in excess of permissible variation over theoretical consumption. Where less than theoretical requirements of bitumen is used recovery at issue rate plus cartage should be made for theoretical requirement of bitumen.

Return of Surplus Materials

25.10 Where any materials for the execution of the contract are procured with the assistance of Government either by issue from Government stocks or purchase made under orders or permits or licences issued by Government the contractor is required to hold the said materials economically and solely for the purpose of the contract and not dispose of them without the written permission of the Government and return, if required by the Engineer-in-Charge, all surplus or unserviceable materials that may be left with him after the completion of the contract or at its termination for any reason whatsoever on being paid or

credited such price as the Engineer-in-Charge shall determine having due regard to the condition of the materials. The price allowed to the contractor however shall not exceed the amount charged to him excluding the element of storage charges. The decision of the Engineer-in-Charge shall be final and conclusive. In the event of breach of the aforesaid condition the contractor shall in addition to throwing himself open to action for contravention of the terms of the licence or permit and/or for criminal breach of trust, be liable to Government for all moneys, advantages or profits resulting or which in the usual course would have resulted to him by reason of such breach.

25.11 The exact proportion in which the materials are to be used by the Contractor for which he has tendered for finished items of works is laid down in the Specifications/Schedule of Rates. Theoretical quantities of the materials which should have been used by the contractor on execution of the work should be calculated according to the specifications/Schedule of Rates provided in the contract. According to clause 42 of the agreement difference of theoretical consumption and the total actual issues, not returned by the contractor, is to be recovered at the prescribed rate after allowing variation allowed therein. Similarly the cost of the materials less used, based on the stipulated issue rates etc. is to be regulated according to the provisions of the said clause.

The excess consumption of materials beyond permissible limit as given in Clause 42 of the contract will be recovered at normal stipulated rate +10%.

25.12 In order to discourage contractors from doing bad work, no allowance is to be given for the materials issued for rectification of defects. The materials issued for rectification of defective work should be recorded separately and recovered at double the issue rate. The work re-done should be measured for record purpose, if the dismantled work had already been measured.

25.13 If, however, it becomes necessary to issue cement for rectification of defects or for redoing works necessitated due to natural calamity beyond the control of a contractor, i.e. floods, earthquakes, etc. such issues should be treated as legitimate consumption on works and should not be charged at rates higher than the issue rates. On the question whether redoing of work of rectification of defects had, in a particular case, been necessitated by natural calamities etc. the decision the Chief Engineer concerned will be final.

Instructions regarding Storage of Cement in Godowns

25.14 The provisions of para 3.1.2.2 of the CPWD Specifications Volume 1 need not be followed in respect of construction of cement godowns for works where consumption of cement does not exceed five Tonnes. In such cases the contractor shall be permitted to store cement at site inside a covered shelter providing adequate safeguards against, clodding of cement due to action of water and theft. The Engineer-in-Charge shall inspect such shelter and satisfy himself that adequate safeguards as mentioned above exists.

Issue of Next Half Day's Cement Requirements

25.15 Because of the double locking system of cement godowns it is necessary that the Executive Engineer should ensure that the Department's representative should reach the go-down site in time every morning to enable the cement to be taken out of the godowns for starting the work. They may also if necessary permit the issue in the evening some extra cement adequate to start the works next day to the contractors of all classes. They should ensure that the extra

cement issued is not more than half day's requirement for a particular work. Such issues should also be shown in the cement Register.

Issue of Material against Bank Guarantee

25.16 In cases of contract, where material is to be supplied by the department against any bank guarantee of equivalent value, the amount of security deposit in the shape of FDR, bank guarantee etc., should at no time be less than the amount of the material supplied to the contractor and such materials should be supplied only after ensuring receipt of bank guarantee/FD/SD etc., adequate to cover the cost of the items supplied.

SECTION 26

MATERIALS ARRANGED BY THE CONTRACTOR

26.1 For works in CPWD costing more than Rs. five crores, departmental issue of cement and steel need not be stipulated and the contractors be asked to arrange these materials themselves. For works costing between Rs. one crore and Rs. five crores, the Chief Engineer may decide, whether or not to stipulate departmental issue of cement and steel in individual cases.

26.2 In all contracts where departmental issue of cement and steel is not stipulated, special conditions shall be incorporated as below:

26.2.1 Conditions for Cement

(i) The contractor shall Procure 33 grade (conforming to IS 269) or 43 grade (conforming to IS 8112) ordinary Portland cement, as required in the work, from reputed manufacturers of cement, having a production capacity of one million tonnes or more per annum, such as ACC, L&T, J.P.Rewa, Vikram, Shri Cement, Birla Jute & Cement Corporation of India etc. as approved by Ministry of Industry, Government of India, and holding licence to use ISI certification mark for their product whose name shall be got approved from Engineer-in-charge. Supply of cement shall be taken in 50 kg. bags bearing manufacturer's name and ISI marking. Samples of cement arranged by the contractor shall be taken by the Engineer-in-Charge and got tested in accordance with provisions of relevant BIS codes. In case test results indicate that the cement arranged by the contractor does not conform to the relevant BIS codes, the same shall stand rejected and shall be removed from the site by the contractor at his own cost within, a week's time of written order from the Engineer- in-Charge to do so.

(ii) The cement shall be brought at site in bulk supply of approximately 50 tonnes or as decided by the Engineer- in- Charge.

(iii) The cement godown of the capacity to store a minimum of 2000 bags of cement shall be constructed by the contractor at site of work for which no extra payment shall be made. Double lock provision shall be made to the door of the cement godown. The keys of one lock shall remain with the Engineer-in-Charge or his authorized representative and the keys of the other lock shall remain with the contractor. The contractor shall be responsible for the watch and ward and safety of the cement godown. The contractor shall facilitate the inspection of the cement godown by the Engineer-in-Charge at any time.

(iv) The cement shall be got tested by Engineer-in-Charge and shall be used on work only, after test results have been received. The contractor shall supply free of charge the cement required for testing. The cost of tests shall be borne by the contractor/Department in the manner indicated below:

- (a) By the contractor, if the results show that the cement does not conform to relevant BIS codes.
- (b) By the Department, if the results show that the cement conforms to relevant BIS codes.

(v) The actual issue and consumption of cement on work shall be regulated and proper accounts maintained as provided in clause 10 of the contract. The theoretical consumption of cement shall be worked out as per procedure prescribed in clause 42 of the contract and shall be governed by conditions laid therein.

(vi) Cement brought to site and cement remaining unused after completion of work shall not be removed from site without written permission of the Engineer-in-Charge.

(vii) Damaged cement shall be removed from site immediately by the contractor on receipt of a notice in writing from the Engineer-in-Charge. If he does not do so within three days of the receipt of such notice, the Engineer-in-Charge shall get it removed at the cost of the contractor.

26.2.2 Conditions for Steel

(i) The contractor shall procure steel reinforcement bars conforming to relevant BIS codes from main producers as approved by the Ministry of Steel. The contractor shall have to obtain, and furnish test certificates to the Engineer-in-Charge in respect of all supplies of steel brought by him to the site of work. Samples shall also be taken and got tested by the Engineer-in-Charge as per the provisions in this regard in relevant BIS codes. In case the test results indicate that the steel arranged by the contractor does not conform to BIS codes, the same shall stand rejected and shall be removed from the site of work by the contractor at his cost within a week time from written orders from the Engineer-in-Charge to do so.

(ii) The steel reinforcement shall be brought to the site in bulk supply of 10 tonnes or more or as decided by the Engineer-in-Charge.

(iii) The steel reinforcement shall be stored by the contractor at site of work in such a way as to prevent distortion and corrosion and nothing extra shall be paid on this account. Bars of different sizes and lengths shall be stored separately to facilitate easy counting and checking.

(iv) For checking nominal mass, tensile strength, bend test, re-bend test etc. specimen of sufficient length shall be cut from each size of the bar at random at frequency not less than that specified below:

<i>Size of bar tonnes</i>	<i>For consignment below 100 tonnes</i>	<i>For consignment above 100</i>
Under 10 mm dia bars or part thereof	One sample for each 25 tonnes or part thereof	One sample for each 40 tonnes
10 mm to 16 mm dia bars or part thereof	One sample for each 35 tonnes or part thereof	One sample for each 45 tonnes
Over 16 mm dia bars or part thereof	One sample for each 45 tonnes or part thereof	One sample for each 50 tonnes

(v) The contractor shall supply free of charge the steel required for testing. The cost of tests shall be borne by the contractor/Department in the manner indicated below:

- (a) By the contractor, if the results show that the steel does not conform to relevant BIS codes.
- (b) By the Department, if the results show that the steel conforms to relevant BIS codes.

(vi) The actual issue and consumption of steel on work shall be regulated and proper accounts maintained as provided in clause 10 of the contract. The theoretical consumption of steel shall be worked out as per procedure prescribed in clause 42 of the contract and shall be governed by conditions laid therein.

(vii) Steel brought to site and steel remaining unused shall not be removed from site without the written permission of the Engineer-in-Charge.

26.3 The following procedure should be followed in case of removal of rejected/sub-standard materials from the site of work.

- (i) Whenever any material brought by the contractor to the site of work is rejected, entry thereof should invariably be made in the site order book under the signature of the AE/AEE giving approximately quantity of such materials.
- (ii) As soon as the material is removed, a certificate to that effect may be recorded by the AE/AEE against the original entry, giving the date of removal and mode of removal i.e., whether by truck, carts, or by manual labour. If removal is by truck, the registration number of the truck should be recorded.
- (iii) When it is not possible for the AE/AEE to be present at the site of work at the time of actual removal of the rejected/sub-standard materials from the site the required certificate should be recorded by the Junior Engineer and the AE/AEE should countersign the certificate recorded by the Junior Engineer.

26.4 Cement should be kept in godowns under double locks and keys and its consumption account invariably maintained, whether the cement is supplied departmentally or arranged by the Contractor. A register should be maintained at the site of each work costing above Rs. 20,000/-. This register should contain the columns as shown in Appendix-27.

The pages of the Register should be machine numbered and each page initialled by the EE. The columns in the register mentioned above will be provided by the EEs or the SDOs. The cement godown and the register are required to be checked by the SDO/EE in-charge of the work.

- (i) At least weekly or fortnightly, respectively, in case of works at the Headquarters of SDO/EE, and
- (ii) Whenever they visit the site of work in case of works located outside the Sub-Divisional/Divisional Head Quarters.
- (iii) In the case of large concentrated projects like major bridges etc. the EE should check the cement register at-least fortnightly.

Section 27

Issue Of Tools And Plant

Conditions for Issue

27.1 When Tools and Plant like Road Rollers, Concrete Mixers, etc. are available for issue to the Contractors for bona fide use on works of the Department the divisional Officers should ensure to invariably stipulate a provision for the supply of such T & P articles both in the Notice Inviting Tenders and in the contract documents specifying clearly the rates of recovery. Before making such a stipulation the availability of the Road Rollers etc. should, be ascertained from the Central Public Works Department Divisions concerned. An advance intimation to Mechanical and Workshop Division should also be given for arranging the rollers at the proper time. If a project of work is sufficiently big, warranting the use of a number of rollers, the Executive Engineer (E) may consider opening a roller shed and a workshop, well staffed and equipped, to avoid loss of time in transit and to ensure proper utilization of the machinery.

In exceptional cases where T & P articles are hired out to the contractor without being provided for, in the agreement, the full economic rate i.e. rate chargeable from non-government, bodies should be charged.

The issue of the equipment to private bodies should be in very exceptional cases with the approval of competent authority.

Calculation of Hire Charges

27.2 The following procedure should be adopted in determining the hire and other charges when articles of Tools and Plants are lent to local bodies, contractors or others:-

As a matter of principle only such Plant and Machinery should be issued to contractor, quasi Govt. bodies, such as Municipalities or others as can be spared with out inconvenience to the department. The following types, of charges may be recovered:

(i) Direct charges

(a) Running expenses— All expenditure that is incurred in working the tools and plants or machinery which would not be incurred if it were not being worked. In case the running expenses or a part thereof are borne by the contractor the same may be deducted from higher charges.

(b) Maintenance charges

(1) Supervision charges.

(2) Minor repairs.

(3) Special Repairs.

(4) Other miscellaneous charges.

(ii) Indirect Charges

(a) Depreciation charges— Value of the articles as it decreases due to fair wear and tear. This is calculated by assuming the life of the article and dividing the cost by the number of years.

(b) Interest.

- (c) Departmental charges on running expenses.

In various cases the charges, shall-be recovered as below:

- (1) In the case where T&P is issued as per stipulation in the agreement.
Only Direct charges mentioned above shall be recovered.
- (2) In case T&P is issued without stipulation in the agreement.

Full hire charges i.e. Direct Charges and Indirect Charges both shall be recovered.

- (3) In case T&P is issued to other departments and private bodies, when articles are lent to them for use on works under their supervision.

All the charges mentioned in (2) above excepting Supervision charges shall be recovered.

27.3 The hire charges of different type of machinery, T & P are fixed from time to time taking into all above principles in determining the rates thereof. Different rates for hire charges as determined above are applicable for use on CPWD works either done departmentally or through contract, where supply of T & P is stipulated in the agreement, for issue to the contractor and if the T & P is issued to private individuals, non government bodies or even to departmental, contractors where there is no stipulation for issue in the agreement, full economic rates are chargeable. In this connection following conditions are required to be observed :

(i) The hire charges shall be recovered at the prescribed rates from and inclusive of the date the plant and machine is made over up to and inclusive of the date of, its return in good order even though the same may not have been working for any cause except for major breakdown due to no fault of the contractor or faulty use by the departmental operator requiring more than 3 working days continuously (i.e. excluding intervening holidays and Sundays) for bringing the plant in order. The Contractor shall immediately intimate in writing to the Engineer-in-Charge when any plant or machinery gets out of order requiring major repairs as aforesaid. The Engineer-in-Charge shall record the date and time of receipt of such intimation in the log sheet of the plant or machinery. Based on this, if the breakdown occurs before lunch the period of major breakdown will be computed considering half a days breakdown on the day of complaint. If the breakdown occurs in the post lunch period the period of major breakdown will be computed starting from the next working day. In case of any dispute the decision of the Superintending Engineer shall be final.

(ii) Hire charges will include services of Operational Staff viz. Driver Maintenance Staff viz. Mechanic and cleaner as required and also lubricating oil, stores for normal repairs and for cleaning purposes. All the other charges such as cost of power, fuel, fire matches, diesel oil, petrol, kerosene oil etc. for running the machinery and water for working and washing of steam roller, and pay of Chowkidar for guarding the T & P at night shall, however, be borne by the Contractor/Indentor.

Section 28

Extension Of Time And Compensation For Delay

General Principles

28.1 At the time of issuing notice inviting tenders for a particular work the Engineer-in-Charge should specify the time allowed for completion of the work consistent with the magnitude and urgency of the work.

28.2 The time allowed for carrying out the work as entered in the contract shall be strictly observed by the contractor and shall be reckoned from theth day (as mentioned in the NIT) after the date on which the orders to commence the work is given to the contractor.

28.3 The work shall throughout the stipulated period of the contract be proceeded with all due diligence (time being deemed to be the essence of the contract) on the part of the contractor.

28.4 To ensure good progress of the work during the execution, contractor shall be bound, in all cases, in which the time allowed for any work exceeds one month (save for special job), to complete 1/8th of the whole of the work before 1/4th of the time allowed under the contract has elapsed, 3/8th of the work before 1/2 of the time has elapsed and 3/4th of the work before 3/4th, of such time has elapsed. However, for special jobs if a time schedule has been submitted by the Contractor and the same has been accepted by the Engineer-in-Charge the contractor shall comply with such time schedule (See also Section 32).

28.5 The NIT approving authority can stipulate time schedule for physical milestones in the NIT. The tender accepting authority shall review the progress of work each month with all the concerned disciplines including the contractor. The factors affecting the progress shall be identified and discussed and remedial measures taken, wherever required. Detailed minutes of these meetings shall be issued. For larger projects, in addition to the monthly review, the tender accepting authority shall, in a similar manner, specifically review in detail the progress of the work just before the stages of 1/4th, 1/2, 3/4th and also about a fortnight before completion of the stipulated contract period. Whenever physical milestones have been specified in the NIT, the detailed review may be carried out on the dates specified for such milestones.

Requirements of Clause 5

28.6 Clause 5 of CPWD Form No. 7 and 8 and Clause 4 of PWD Form No. 9 empower the Engineer-in-Charge to grant extension of time for the completion of the Work on certain conditions. He can exercise such powers if the following conditions are satisfied.

(i) The Contractor must apply to the Engineer-in-Charge in writing for extension of time.

(ii) Such application must state the grounds which hindered the contractor in the execution of the work within the stipulated time.

(iii) Such application must be made within 14 days of the date on which such hindrance arose.

(iv) The Engineer-in-Charge must be of the opinion that the grounds shown for the extension of time are reasonable.

Powers of Officers for Grant of Extension of Time

28.7 The powers for grant of extension of time have been delegated to CPWD Officers as per Appendix-1.

Grant of Extension to Time without Application

28.8.1 Based on Hindrance Register where adequate and proper grounds exist the Engineer-in-Charge can grant extension of time even in the absence of application from the contractor, under Clause 5.

28.8.2 The extension, in order to be binding, will have to be by parties 'agreement' express or implied. It, therefore, follows that if the extension of time is granted by the EE and such extension of time is accepted by the contractor, either expressly or implied by his action before and subsequent to the date of completion, the extension of time granted by the EE is valid. It is, therefore, necessary that the EE grants extension of time even when the contractor does not apply for extension of time in order to keep the contract alive. If the contractor refuses to act upon the extension granted by the Engineer-in-charge it will attract the provisions of clause 2 & 3 of the agreement.

28.8.3 The recovery of liquidated damages for delayed performance, on account of which extension of time is granted under clause 2, is a distinct matter and would depend on:

- (i) Prior notice as contemplated by Sec. 55 of the Contract Act, 1872.
- (ii) Fault/delay/hindrance being ascribable to the contractor; and
- (iii) Proof of the loss occasioned thereby (in case it is challenged by the Contractor before the arbitrator).

Form of Application for Extension of Time

28.9 The form of application for extension of time to be submitted by the contractor has been standardised and is at Appendix 28. Part I of the Form is on which the contractor is required to apply for grant of extension of time. Part II of the Form is to be used by the Departmental Officers for purposes of dealing with the application for extension of time.

28.10 Although the contractor is required to seek extension within 14 days from the date of occurrence of hindrance for which the extension is sought, it does not debar the grant of extension sought later as it is always competent to a promise to waive a delay and accept performance, after the stipulated time. However, the extraordinary concession should be refused save in most exceptional circumstances; and for very good causes shown for not seeking it within the period of 14 days. The contractor has no right to have this request for extension considered where he has not applied for it in accordance with clause 5 of the agreement.

28.11.1 Whenever any hindrance comes to the notice of the Assistant Engineer, he should at once make a note of such hindrance in the register kept at site and immediately make a report to the Executive Engineer within a week. The Executive Engineer shall review the Hindrance register at least once in a month.

Proforma for hindrance register shall be as per Annexure.

28.11.2 The following points should be kept in mind while entering the hindrances in the hindrance register.

(i) The entry of date of start of hindrance and date of removal of hindrance should be made on the same day as the hindrance takes place or the cause of the hindrance is removed, respectively.

(ii) Over-lapping period, net period of hindrance and weightage of each hindrance should be worked out by E.E. within 15 days of removal of cause of hindrance. For works out side headquarters, this should be done as and when he visits the site.

(iii) Items of work, effected due to any hindrance should be clearly mentioned in the hindrance register by A.E. on the basis of which weightage should be allowed.

(iv) Each hindrance entered in the hindrance register should be authenticated by the E.E.

(v) Hindrances which are in the control of contractor should not be entered in the hindrance register.

(vi) Hindrance should be recorded carefully in hindrance register considering its effect on completion of work.

(vii) S.E./E.E. should review the hindrance register whenever they visit the site of work.

28.12 The Assistant Engineer/Assistant Executive Engineer shall decide the grant of extension of time within 15 days of the completion of work, if in his competence otherwise forward the case to Executive Engineer within 30 days of completion of work with his recommendations. The Executive Engineer shall take a decision within 15 days or forward the case to Superintending Engineer, as the case may be, with his recommendations.

28.13 The Superintending Engineer should then pass orders within 15 days of the receipt of the extension case from the Executive Engineer.

28.14 In cases where the sanction of the higher authority to the grant of extension of time is necessary, the Executive Engineer should forward the same as soon as possible and if the orders of the competent authority are not received in time. He should extend the contract before the stipulated date actually expires so that the contract might remain in force but while communicating this extension of time, he must inform the contractor that this was without prejudice to Government's right to levy compensation under clause 2 of the agreement.

28.15.1 Sanction of extension of time will in all cases be issued by the AE/EE under clause 5 of the Agreement in the proforma in Appendix 29. The form provides that the extension of time is granted without prejudice to right of Government to recover liquidated damages in terms of clause 2 of the agreement. In all cases, a copy of letter granting extension of time will be endorsed to Audit/Accounts Officer. While doing so it should be made clear in the endorsement whether the SE has decided to levy or not to levy compensation or liquidated damages.

28.15.2 The decision in regard to levy of liquidated damages for delay in the execution of works in terms of clause 2 of the contract from 7 and 8 (and

corresponding clause in other contract forms) should not be recorded in the measurement book of the work concerned.

Extension of Time without Levy of Compensation

28.16 In the case where extension is granted without levy of compensation after approval of the competent authority, provision suggested in the preceding paragraph should stand with a view to safeguard the interest of the Government especially against unforeseen circumstances.

Compensation under Clause 2

28.17 The word compensation should be used In relation to clause 2 of the Agreement Form PWD Nos. 7 and 8 and similar clauses in other Contract Forms instead of the word penalty.

Section 74 of the Indian Contract Act, 1872

28.18 When a contract has been broken, and if a sum is named in the contract as the amount to be paid in case of such breach or if the contract contains any other stipulation by way of compensation, the party complaining of the breach is entitled, whether or not actual damage or loss is proved to have been caused thereby to receive from the party who has broken the contract reasonable amount not exceeding the one so named or as the case may be the compensation stipulated for.

28.19 According to clause 5 of the agreement all letters of extension of time to be issued to the contractor should be over the signature of Engineer-in-Charge as he is the only Officer so empowered contractually to grant extension of time. Similarly all letters intending to impose compensation or to recover liquidated damages under clause 2 of the agreement should be issued over the signature of SE as he is the only Officer competent to do so under clause 2 of the agreement in order to fulfil contractual obligation.

Proforma for Intimating Compensation under Clause 2

28.20 The Government of India have prescribed a proforma for intimating the contractor with regard to levy of compensation under clause 2 of the contract vide Appendix 30.

Section 29

Payments to Contractors

Requirement of Clause 7

29.1.1 Clause 7 of the conditions of Contract Forms PWD 7, 8 & 9 provides that no payments shall be made for works or supplies estimated to cost less than rupees twenty thousands, till after the whole of the work or supply shall have been completed and a certificate of completion given. In the case of works or supplies estimated to cost more than Rs.20,000/- the contractor shall, on submitting the bill therefore be entitled to receive a monthly payment proportionate to the part thereof then executed and passed by the Engineer-in-Charge. On account payments are also permissible under the conditions of contract in Form PWD 12, piece work Agreement Form 10 and work order Form 11-A. The contractors should be required by the Engineer-in-Charge to submit their bills by a fixed date in accordance with the terms of the contract e.g. clause 7 of Forms PWD 7 and 8. The Assistant Engineer/Assistant Executive Engineer should supply to the contractor a copy of the measurements and statement of part rates to be paid at least three clear days in advance of such date fixed by the Executive Engineer. The payment to the contractor shall be made only on submission of the bill by him.

29.1.2 Ordinarily running payments shall be made monthly as per terms of the contract but payment may not be made if the amount of the Running bill is less than half the average monthly value of contract (i.e. contract value divided by stipulated period in months).

29.1.3 The Divisional Officer, should maintain a register to keep a record of the monthly running payments made to the contractors in respect of contracts costing above Rs.20,000/- in the proforma prescribed in Appendix 31. As and when a bill is submitted, the same shall be entered in this register. The register should be reviewed by the Executive Engineer regularly to ensure that payments are being made to the contractors in time. If any objection is raised by the Divisional Accountant, for payment of a particular item or rate in any bill, the Engineer-in-Charge should, make up his mind and pass final orders then and there whether the Item on which objection has been raised should be allowed or not and if it is not to be allowed than the item should be retrenched from the bill but in no circumstances the payment should be delayed. The register should be posted at the time of making monthly running payment to the contractor.

Final Payments

29.2 Final measurements should be recorded within one month of the completion of work. Final payments for works costing more than Rs. five lacs should be made within six months of the completion of work and for other works within three months.

Time Schedule for Payment of Bills

29.3 The following time schedule for payment of bills and issue of completion certificates has been prescribed:

Stage	Time Limit
1	2

Payment of Running Bills As far as possible before expiry of ten working days from the presentation of the bill. AE/AEE and EE both should not take more than 5 working days each (Clause 7).

Contractor's notice of completion of work 10 days of completion of the works (Clause 8).

Issue of completion certificates for works 30 days (Clause 8) of receipt of Contractor's notice.

Submission of final bills by the contractor One month of the date of the final certificate of completion furnished by the Engineer-in-Charge or three months of the physical completion of the work whichever is earlier (Clause 9).

Payment of final bills for works up to Rs. five lacs 3 months. (Clause 9) of receipt of final bill from the Contractor.

Payment of final bills for works over Rs. five lacs 6 months (Clause 9) of receipt of final bill from the Contractor.

29.4.1 Before the work is declared as completed in all respects and final payment is released to the contractor in respect of the following works, it has to be inspected by the Superintending Engineer/Director of Horticulture.

- (i) Building works Rs. thirty lacs and above
- (ii) Electrical and sanitary works Rs. ten lacs and above
- (iii) Road/Run way works Rs. ten lacs and above
- (iv) Horticulture work Rs. two lacs and above

29.4.2 The Superintending Engineer/Director of Horticulture shall also record the following certificates:—

"I have inspected the work of contract value of which is Rs. vide Agreement No. today. As a result of this inspection and my previous inspections, I find that the work has been carried out generally to specifications, and has been completed satisfactorily. There are no noticeable defects except for the following:—

29.4.3 The above certificate is required to be recorded within a period of three months from the date of completion of the work.

29.4.4 In the case of works whose contract value is less than the above, EE/Dy. Director of Horticulture have to record similar certificate as the case may be.

29.4.5 These defects should be rectified by the contractor or by the Department at his cost, action for which should be taken in terms of the contract.

29.4.6 The S.E. is also required to record the above certificate in respect of contracts for building works exceeding Rs. ten lacs where such contracts are in respect of part of a technically sanction estimate of Rs. seventy lacs and above.

29.5 An attested copy of the completion certificate will be attached with the office copy of the Final bill of the contractor and remain on the record of the Division. The EE shall not make final payment till this certificate is recorded, and attached to the Office copy. This certificate, however, will in no way reduce the responsibility of the EE and the Divisional Accountant for, due check of the work and the bill as required by the rules and code of practice of the Department.

29.6 The certificate is required to be recorded by the S.E. in whose time the work is completed irrespective of the fact that a part of the work may have been done during the incumbency of his predecessor. The S.E. recording the certificate is not responsible for bad work which may have been covered up during the incumbency of his predecessor, for instance, work in foundations or below the concrete flooring, but he is required to point out the defects which appear outwardly, for instance, defects in the doors and windows, plastering flooring, painting etc. The S.E. should necessarily record the completion certificate for the works completed in his tenure on the post before he hands over the charge to his successor on transfer.

29.7 In specific cases, where there are practical difficulties, such as the S.E. being no longer in the department due to resignation, death etc, in getting the completion certificate recorded by him, the Chief Engineer may decide any relaxation of the existing instructions, after examining the details of the case and issue directions accordingly. Administrative action should also be initiated against the S.E. for not taking proper/timely action in getting the completion certificate recorded, whatever justified, as revealed by the facts of the case.

Inspection of Works by Senior Architect

29.8 The Senior Architect In-charge of the work being executed by the contractor is required to certify on completion of particular building that it has been constructed according to the approved design and specifications.

29.9 In case of any unauthorized deviation, the certificate of completion shall not be given unless the defect or deviation has been rectified to the satisfaction of Senior Architect. However, such certificates by the Senior Architect will be required for works costing Rs. fifty lacs and above. The Chief Architect/Chief Engineer may, however, decide whether a particular building involving less than Rs. fifty lacs will require the certificate from the Senior Architect or not. The form of certificate is as under:-

Name of Project:—

"I do hereby certify that the work has been inspected on by me and has been completed on according to the plans, elevation, sections, details and specifications of architectural items prepared by me. The work has been completed to my general satisfaction and the workmanship and the whole of the materials used for finishing items are good." (Completion certificate from the Senior Architect is necessary before final bill is paid to the contractor.)

29.10 In the case of such work the Executive Engineer should inform the Senior Architect concerned, of the work having been completed in all respects, within one month of the physical completion of the work and request him to carry out his inspection and record the required completion certificate.

Payment through Bank

29.11 Payment due to contractor, if so desired by him, be made to his bank instead of direct to him provided the contractor furnishes to the Engineer-in-Charge:

(i) An authorization in the form of a legally valid document such as a power of attorney conferring authority on the bank to receive payment.

(ii) His own acceptance of the correctness of the accounts made out as being due to him by the Government or his signature on the bill or other claim preferred against the Government before settlement by the Engineer-in-charge of the account or claim by payment to the Bank. While receipt given by such bank shall constitute full and sufficient discharge for the payment the contractor should wherever possible, present his bill duly receipted and discharged through his bankers.

Deduction of Income Tax at Source

29.12 Under Section 194C of the Income Tax Act, 1961, deduction of Income Tax is required to be made at source by disbursing officers from payments made to contractors in certain cases.

Before signing the first and final bill/Running Account bill/or the final bill in the case of Running Account bill, the SDO/Divisional Officer should see that:

(i) the statutory deduction on account of income tax wherever due has been made from the bill of the contractors and

(ii) the same is specifically shown in the Memorandum of Payments thereof under the item, "By recovery of amounts creditable to other works or heads of accounts". (Note 5 below para 12.2.16 of CPWA Code). (i) Income Tax Recovery.

29.13 It is open to the contractor or the sub-contractor as the case may be, to make an application to the Income Tax Officer concerned and obtain from him a certificate authorizing the payer to deduct tax at such lower rate or deduct no tax as may be appropriate to his case, such certificate will be valid for the period specified therein unless it is cancelled by the Income Tax Officer earlier and in such cases deduction will be made accordingly.

29.14 In view of the existing provision of section 288 B of the Income Tax Act, 1961, the amount of tax to be deducted at source should be rounded off to the nearest rupee by ignoring amount less than fifty paise and increasing amounts of fifty paise or more to one rupee.

29.15 The tax deducted on behalf of the Government should be paid to the credit of the Central Government on the same day by book adjustment, in other cases, tax deducted should be paid to the credit of the Central Government within one week from the last day of the month in which the deduction is made.

Challans, for paying tax into the Government account are obtainable from the Income Tax Officer concerned.

29.16 The persons responsible for making any payment to a contractor or a sub-contractor, as the case may be, should issue a certificate of tax deducted at source in the specified form.

Section 30

Payment for Sub-Standard Work

Procedure for Acceptance of Sub-Standard work

30.1 The Contractors are required to execute all works satisfactorily and according to the specifications. If certain items of work are below specifications the Contractor should be asked to redo them according to the specifications. During the progress of the work, defects/deficiencies in the items of works are to be noted in time, recorded in site order book. It will be the duty of the Field Staff, viz. AEEs/AEs/JEs to point out such defects in the work in time during the progress of the work. These defects should also be brought to the notice of Executive Engineer immediately, so that he may take timely action to issue notices to the contractor either to rectify the defects or even get the work dismantled and redone if necessary as per Clauses 3 and 16 of the agreement.

Every attempt should be made to issue such notices regarding the defective items during the progress of the work. Where however this is not found feasible, the same should be issued within the prescribed maintenance period. Timely action alone can prevent occurrence of defects which will be difficult or impossible to rectify later on like hollow vertical joints in brick masonry and similar defective structural members.

30.2 If the Contractor does not rectify the defect, the work should be got redone or rectified departmentally by employing skilled labourers at the Contractor's cost in terms of clause 16 of the Conditions of Contract Form PWD 7 and 8, Clause 5 of Form PWD 10 and similar conditions in other forms.

Acceptance of Sub-Standard work

30.3 Acceptance of work below specifications and payment of reduced rates should be resorted to only for those items where it is structurally impossible to get the work re-done, with the approval of the competent authority. Sub-standard work must be got rectified and if necessary may be redone. Acceptance of sub-standard work at reduced rates should be done only under exceptional circumstances. Total value of items of agreement rate for which the Superintending Engineer accepts sub-standard work in a contract shall not exceed 5% of the contract value. Before a sub-standard work is accepted by the department the Engineer-in-Charge after getting prior approval of competent authority should write a letter to the contractor for and on behalf of the President of India regarding acceptance of the same and the provisional rates pending the decision of the competent authority with regard to final rates and in reply to this letter the contractor should send his consent for acceptance of the terms specified by the department. For this purpose two forms as per Annexure I and II may be used. The decision of Superintending Engineer/Chief Engineer regarding the quantum of reduction as well as justification thereof in respect of rates for sub-standard work which may be decided will be final and would not be open to arbitration under Clause 25 of the agreement. The amount of compensation once levied by EE under Clause 16 of General Conditions of Contract for CPWD Works, 2001, cannot also be waived or reduced by higher Officers.

Annexure - I

(Reference-Para 30.3)

Specimen of Letter by the Executive Engineer to Contractor For Provisional Reduction in rate for Sub-standard work

To

M/s

.....

Dear Sir(s)

Sub: Construction of Agreement No.

.....

1. The President of India considers that the items of work (specified in the statement appended herewith) relating to the work undertaken by you in terms of the above agreement have not been executed in accordance with the prescribed specifications and/or in a workmanlike manner and therefore, cannot be accepted in terms of the above said agreement for payment at the rates specified in the agreement.

2. The President, however, is willing to consider acceptance of the same should you agree to receive payment at rates suitably reduced taking into consideration the sub-standard nature of the said items of work. The S.E. in-charge of the concerned Circle of CPWD will determine as to what suitable reductions in the rates should be made from the agreed rates for the said items. His decision shall be final. Pending such decision of the SE, however, the payment for the said items of work will be made at the provisional rates indicated against each item.

3. If you agree to the aforesaid conditions for acceptance of payment for the said items of work you may please return the enclosed form duly executed by you.

4. If no reply is received from you within three weeks of the date of receipt of the letter it shall be presumed that the offer is not acceptable to you. In the said event the offer shall stand withdrawn, without prejudice to the rights and remedies of the President of India in terms of the contract.

Yours faithfully,

Encl.: Statement as above. Executive Engineer

For and on behalf of the President of India

Annexure - II

(Reference-Para 30.3)

Specimen of letter of contractor's acceptance of provisional reduction of rate for sub-standard work

To

.....

.....
Sub: Construction of

Reference: Your letter No.

Sir,

I/We have carefully read the terms and conditions offered in your letter dated and they are acceptable to me/us.

Pending the decision of the S.E. of the final rates of payment against the items of work specified in the statement attached to your above letter, which will be final and binding. I/We agree to the same being paid at the provisional rates indicated against each of the said item of work for the above work as mentioned in your statement.

Yours faithfully,

Contractor(s)

SECTION 31

ADVANCE PAYMENTS

31.1 Advance payments to contractors against on account bills received in the Divisional Office may be made by Divisional Officers. When an on account bill has been received in the Divisional Office and there is likely to be delay in authorizing payment for special reasons which should be recorded, a Divisional Officer may at his discretion, on receipt of an application from the contractor for financial aid in the shape of part payment, in respect of tenders accepted by AE/AEE and himself, (and after obtaining necessary sanction from the Superintending Engineer for cases against contracts beyond his power of acceptance) make a lump-sum advance payment on Hand Receipt, Form 28 subject to the following conditions :—

(i) The bills in respect of which the advance is proposed to be made should actually be under check in the Divisional Office.

(ii) The amount of advance should not exceed 75 per cent of the net amount of the bill under check but no advance payment will be admissible in cases where the amount of advance payable works out to less than Rs.10,000/-.

(iii) The payment should be suitably endorsed both on the running bill against which the advance payment is made and the connected abstract of measurements in the Measurement Book. The Hand Receipt voucher on which payment is made should bear reference to the number, date and amount of the bill against which the payment is made and also to the page number of Measurement Book and the number, date and amount of the voucher, if any, on which the previous on account payment was made. The payment should be treated in the accounts as an advance.

(iv) An undertaking should be obtained from the contractor before the payment is actually made that, should the amount of advance paid to him subsequently found to be more than the amount of the running account bill in

respect of which the advance was paid, he will refund to Government forthwith, the amount overpaid. The Divisional Officer will be held personally responsible to see that advance is adjusted when payment is made on the running account bill in respect of which it was made and for any overpayment which may occur.

Note: A record of advances authorized by the Executive Engineer under his own competence (i.e. against contracts within his power of acceptance) with the reasons therefor will be kept in a special register which should be inspected by the Superintending Engineer at time of his inspection of the Divisional Office.

31.2 Powers have been delegated to the S.Es. to authorize the E.Es. to make advance payment to the contractors for alternate running bills when for any reasons monthly payments cannot be made on the basis of recorded measurements.

31.3 The following rules should be observed with regard to advance payments to contractors for work done but not measured :—

(a) Advances to contractors are, as a rule, prohibited and payments to contractors should not be made until detailed measurements of the work have been taken and recorded. Advance payments may, however, be made in exceptional cases of real necessity, when it is absolutely essential to do so, and in such cases previous sanction of the S.E. concerned should invariably be obtained.

(b) An advance payment for work actually executed may be made on the certificate of a responsible officer (not below the rank of Sub-Divisional Officer) to the effect that not less than the quantity of work paid for has actually been done, and the officer granting such a certificate will be held personally responsible for any overpayment which may occur on the work in consequence. Certificate printed on the Running Account Bill must be signed by the Sub-Divisional or Divisional Officer, and the lump-sum amount paid on account of the several items should be specified against item 2 of Part III of the bill. If a secured advance has been previously allowed to a contractor on the security of any materials and such materials have been used in the construction of an item, the amount of the advance payment for that item should not exceed a sum equivalent to the value of work done less the proportionate amount of secured advance ultimately recoverable on account of the materials used.

(c) When in any exceptional case an advance payment has been authorized by the competent authority, it would be followed by detailed measurement within two months at the most. Beyond two months, the approval of Chief Engineer will be necessary.

(d) The grant of a second advance before the first one has been recovered should not be permitted.

31.4.1 Advance payments for work done but not measured should be made on Bill Form CPWA 26 and that the same be classified in the works accounts under suspense Sub-Head "Advance Payments". No such payments must be made on Hand Receipt.

Advance Payment to Private Firms/Autonomous Bodies for Chemical Analysis and Testing of Materials

31.4.2A list of laboratories shall be approved by the Superintending Engineer. Advance payment may be made by the Executive Engineer to an enlisted laboratory, for which no further approval shall be necessary.

The amount of advance shall be drawn on a simple receipt and accounted for under the final head to which the expenditure on services in question would be debited.

Secured Advances

31.5.1 Secured Advances on the security of materials brought to site may be made to the contractors for items which are to be used on work.

31.5.2 The Divisional Officers can sanction the secured advance up to an amount not exceeding 75% of the value of the materials as assessed by the Engineer-in-Charge or an amount not exceeding 75% of the material element cost in the tendered rate of the finished item of work whichever is lower.

31.5.3 A formal agreement should be drawn up with the contractor under which Government secures a lien on the materials and is safeguarded against losses due to the contractor postponing the execution of the work or to the shortage or misuse of the materials, and against the expense entailed for their proper watch and safe custody. Payment of such advances should be made only on the certificate of an officer not below the rank of Sub-Divisional Officer, that:

(i) The quantities of materials upto which the advances are made have actually been brought to site.

(ii) Full quantities of the materials, for which advance is to be made, are required by the contractor for use on items of work for which rates for finished work have been agreed upon.

(iii) The quality of materials is as per desired specifications.

The Officer granting such a certificate will be held personally responsible for any overpayment which may occur in consequence. Recoveries of advances so made should not be postponed until the whole of the work entrusted to the contractor is completed. They should be made from his bills for work done as the materials are used, the necessary deductions being made whenever the item of work in which they are used are billed for.

31.5.4 Secured advance shall be granted only for non-perishable items. It can however, be granted for perishable items after the contractor indemnifies the Government through an insurance cover. The Divisional Officer shall identify whether an item is perishable or not.

Grant of Mobilization Advance to the Contractors for Executing Capital Intensive Works

31.6 In respect of certain specialised and capital intensive works costing not less than Rs. 2.00 crores, mobilization advance limited to a maximum of 10% of the estimated cost put to tender or tendered value or Rs. one crore, whichever is less, at 10% simple interest shall be sanctioned to the contractors on specific request as per term of the agreement:

(i) Chief Engineers should use their discretion carefully in deciding whether any particular work shall be considered as a specialised or capital intensive work.

(ii) The mobilisation advance shall be against a Bank Guarantee of a Scheduled Bank for the full amount of advance. The advance should be released in not less than two instalments. The interest on the advance shall be calculated from the date of payment to the date of recovery, both days inclusive.

(iii) The recovery should be made after 10% of work is completed and the entire amount together with interest shall be recovered by the time 80% of the work is completed.

SECTION 32

General Guidance for Operation of Contract Clauses

Clause 2 of CPWD Form No. 7 and 8 and Clause 16 of the CPWD Form No. 12

32.1 These clauses refer to recovery of compensation from the contractor for delays and defaults on his part. This clause can be divided mainly into three parts, viz :—

- (a) Observation of time allowed for completion of the work.
- (b) Payment of compensation by contractor for non-commencement, not finishing in time and slow progress during execution.
- (c) Superintending Engineer's decision being final in case of reduction of the percentage of compensation payable by the contractor.

As already explained under the chapter relating to extension of time to contractors and imposition of compensation for delayed performance, time allowed for completion of the work is essence of the contract on the part of the contractor. The date for commencement of the work starts from 15th day after the date of giving order for its commencement or any other date specified. For slow performance or delay in the completion of the work, compensation, subject to a maximum of 10% of the tendered value, is recoverable.

The compensation for slow progress or non-completion of work in stipulated time, at the rates specified therein, is an "agreed compensation" under clause 2, which the contractor has to pay in case of default. Therefore, there is no choice for the Engineer-in-Charge but to recover the same at the rates mentioned in clause 2 of the contract, if the progress of the work is slow or the work is not completed in stipulated time. In case the contractor feels aggrieved, he may appeal to the Superintending Engineer against such recovery, who may uphold the recovery at the original rates or at reduced rates or completely waive off the same depending upon the merits of each case. In such cases the decision of the Superintending Engineer shall be final and out of purview of the Arbitration clause.

The Engineer-in-Charge should identify delay in the execution of the work at the appropriate stage and issue registered letter to the contractor under clause 2 of the contract indicating non-fulfillment of the progress of the work on proportionate time lapse basis mentioned in clause 5 of the contract.

The Engineer-in-Charge should also give a registered notice to the contractor, so as to reach him before expiry of the contract period, of his intention to recover the amount of compensation. The notice should clearly mention the date on which the stipulated time is going to expire and that the contractor should complete the work on time otherwise he shall make himself liable to recovery of compensation under clause 2 of the contract. The above communications should be conveyed to the contractor through Site Order Book also.

In case of tenders accepted by Superintending Engineer and higher officers, the power of granting extension of time rests with the Superintending Engineer. Therefore the Engineer-in-Charge should, from time to time, apprise him of the facts about slow progress of the work or its likely non-completion on time and also endorse to him the copies of the letters/notices sent to contractor.

The recovery of compensation should be effected after decision on extension of time has been obtained.

Clause 3 of CPWD Form No. 7 and 8 and Clause 17 of CPWD Form No. 12

32.2 These clauses deal with determination and/or rescission of contract, forfeiture of security deposit and execution of work through other agencies. These clauses are very important and are of vital importance. According to the clauses when the contractor has rendered himself liable to action under relevant clause, the Engineer-in-Charge on behalf of the President shall have powers (a) to determine or rescind the contract. Upon such determination or rescission, the security deposit of the contractor shall be liable to be forfeited and shall be absolutely at the disposal of the Government; (b) to employ labour paid by the CPWD and to supply material to carry out the work for and on behalf of the contractor; (c) to measure up the work of the contractor and to take such part thereof as shall be unexecuted out of his hand and to give it to another contractor at the risk and cost of the original contractor.

Recourse can be taken simultaneously to one or more sub-clauses (a), (b) and (c) according to the requirements of each case. The Government is entitled to forfeit the security deposit under clause 3(a) and also to recover the extra cost involved in getting the work done departmentally and/or through another contractor. It should, however, be noted that extra expenditure under clause 3(b) and 3(c) cannot be recovered in addition to the forfeiture of the security deposit but if the extra expenditure exceeds the forfeited security deposit, the difference between the extra expenditure and the security deposit only can be recovered.

Furthermore, whenever action is taken under clause 3(a) to rescind the contract and forfeit the security deposit, it should be explicitly stated that this was without prejudice to Government's right to recover losses under clause 3(b) and 3(c).

Clause 3 of the Agreement inter-alia provides that if contract is rescinded, the full security deposit recoverable under the contract stands forfeited to the Government and not merely security deposit standing at his credit. Further, if any portion of the security money has not been paid or realised it would be called and forfeited.

The provision of clause 3 can be applied even after recovery of compensation equal to the amount of the security deposit under clause 2, as the two clauses are independently enforceable to the full extent.

If in a case dealt with under sub-clause (c) or sub-clause (b) there is no extra expenditure, but on the other hand the unfinished work is executed at a lesser cost, the contractor has no right to claim the amount saved. Further the question of giving the contractor any benefit cannot at all arise since he cannot make any profit out of his own default. The sub-clauses (b) and (c) merely define the extent of damages recoverable and if the work is executed cheaper the only consequence is that no damages are recoverable under these two sub-clauses.

1. Two model forms of letters to be issued by the Engineer-in-Charge for and on behalf of the President of India while serving "Show cause Notice" as well as Notice on final action to the contractor under clause 3 of the agreement in

respect of works undertaken in the Department have been introduced. Copies of these model forms are as per Appendices 32 and 33.

2. While making use of these forms, the following points should be kept in view :

(a) Alternatives wherever not applicable should be deleted and suitable additions made wherever considered necessary.

(b) While determining the contract under any of the sub-clause (i) to (vi) of clause 3 for causes other than the causes as mentioned in the standard form for "Show Cause Notice" (viz. wrongful delay or suspension of work or slow progress) suitable modifications may be made, where necessary according to the requirements of the case.

(c) Final notice under clause 3 of the agreement form may, thereafter be drafted and approval of the competent authority that accepted the tender obtained. This acceptance is with reference to financial limit.

Clause 5 of CPWD Form No. 7 and 8 Clause 4 of CPWD Form No. 9

32.3 Under clause 2, time is deemed to be of essence of the contract on the part of the contractor. It is, therefore, necessary for a contractor to complete the job within the stipulated period. If however, he cannot complete the work due to having been unavoidably hindered in execution thereof, or on any other ground he can apply for extension of time. The detailed procedure of granting extension of time under this clause has been dealt under the Section "Extension of Time". Extension of time is also justified to the contractor for additional work which is required to be worked out as provided in clause 12 of the agreement. According to this clause, the opinion of the Engineer-in-Charge, as to whether the grounds shown for extension of time are or are not reasonable, is final. If the Engineer-in-Charge declines to grant extension of time, it is not within competence of the contractor to challenge the soundness of the opinion by reference to arbitration under the relevant clause. The Engineer-in-Charge should give extension as may be in his opinion, necessary or proper. His opinion that the period of extension granted by him is proper is not, however final. The contractor can seek arbitration on the question whether the period of extension granted is or is not proper.

The period during which the contract remains valid is a matter of agreement and if the period originally set for the completion of the work comes to an end, nothing short of agreement of the party can extend the subsistence and validity of the contract. When the period fixed for the completion of the contract is about to expire, the question of extension of the contract may be considered at the instance of the contractor or the Department or of both. The extension, in order to be binding, will have to be by parties agreement express or implied. It therefore, follows that if the extension of time is granted by the EE suo-moto and such extension of time is accepted by the contractor either expressly or implied by his action, before and subsequent to the date of completion, the extension of time granted by EE is valid. It is, therefore, necessary that the EE grants extension of time even when the contractor does not apply for extension of time in order to keep the contract alive. If the contractor refuses to act upon the extension granted by the EE it will attract the provisions of clauses 2 & 3 of the agreement.

32.4 The compensation for delayed performance on account of which extension of time is granted by the EE, could be leviable under clause 2 would be a distinct matter. The decision to levy compensation under clause 2 would depend on :—

(i) Prior notice as contemplated by Section 55 of the Indian Contract Act, 1872.

(ii) Fault/delay/hindrances being attributable to the contractor, and

The contractor in his application for extension, points out the various delay and the lapses on the part of the Department considered unavoidable hindrances. Engineer-in-Charge while recommending or granting cases for extension of time generally accepts these reasons for delay to be correct. The contractors may claim damages or compensation in a arbitration for prolongation of work due to defaults or lapses on the part of the Department. When such cases come before the arbitrator the action of the Engineer-in-Charge in accepting the reasons for extension of time may assist the evidence for the claims of the contractors for damages etc.

Though there may be delays and lapses on the part of the department at the same time there are also delayed lapses on the part of the contractor. For such delays during the stipulated or extended period of completion, the contractor is responsible but these are also to be taken into account by the Divisional Officer while recommending or granting extension. To safeguard Government's interest these lapses on the part of the contractor should invariably be clearly mentioned by the Engineer-in-Charge while granting/recommending extension of time. In granting extension of time a balanced view should be taken of the delays on the part of the contractor, vis-a-vis the delays of the department. The mention of the delays on the part of the contractor along with that of the Department would ultimately help the Department in properly defending its position against the claims of the contractor for damages.

PWD Forms No. 10, 11 and 11A. There is no corresponding clause in these forms. Clause 18 of the PWD Form No. 12 is similar to clause 5 of the PWD form Nos. 7 and 8 with minor change.

Clause 7 of CPWD Forms No. 7 and 8

32.5 The circumstances under which intermediate payments can be made to the contractor have been explained in para 29.1.1. The Engineer-in-Charge should fix a date by which contractor should submit the bill each month. The amount admissible shall be paid by 10th or 15th working day after submission of the bill by the contractor to the Engineer-in-Charge or his Assistant Engineer with all required details, depending upon whether the work is in the headquarters of the Engineer-in-Charge or outside his headquarters. The payment to the contractor shall be made only on submission of the bill by him. If the contractor fails to submit the bill as aforesaid, he forfeits all claims, whatsoever, due to delays on payment including that of interest.

Clause 8 of PWD Forms No. 7 and 8

32.6 According to this clause a completion certificate is to be given by the Engineer-in-Charge to a contractor on completion by him of a work. No final bill will be accepted from a contractor unless such a bill is supported by a completion certificate. Further, the date of the completion certificate will determine the date upto which a contractor can be held responsible for making good damages under

relevant clauses of the agreement. It has been observed that generally no certificate is given and only the date of completion is noted in the measurement book. Since this practice is not in conformity with the provision of this clause, a completion certificate must be recorded in the manner given in section 29. If, on inspection of work by the Engineer-in-Charge on receiving intimation from contractor, the work is not found satisfactorily complete, the contractor should be intimated of the defects etc. in writing but no provisional completion certificate should be issued.

The date of completion of work is the date on which it is finished and not the date on which the final measurements are recorded by the Engineer-in-Charge or his subordinates. It will therefore, be necessary to enable the Audit/Accounts to satisfy itself that the work was completed within the time prescribed in the contract, to note the date of its actual completion both in the bill of the contractor as well as in the Measurement Book in which the last measurements are recorded.

If the contractor fails to remove the scaffolding, surplus material and rubbish and does not clean up the dirt from the wood work, doors, windows, walls, floors and other parts of the building, etc. it should be got removed at the cost of the contractor as laid down in this clause. The completion certificate should not be given till the site is cleared of all malba, rubbish, etc.

The clause further states that, the certificate of completion shall not be issued until the work is measured by the Engineer-in-Charge. The intention behind the provision is that all the measurements for works shall be recorded in time. The measurements for works are the most vital details, which get measured and accepted by both the parties. Only delaying the taking of measurements, by the Engineer-in-Charge cannot of course delay the date of completion, since shelter under this provision cannot be resorted to for the lapse by the party taking advantage of it. Anyhow, if the contractor delays/avoid finalising of measurements, application of this provision will be reasonable.

Clause 10(C) of PWD Form No. 7 and 8

32.7 Clause 10(C) provides for re-imburement to contractor of escalation caused, as a direct result of coming into force of any fresh law or statutory rule or order (but not due to any changes in sales tax), in the price of material incorporated in the works and/or wages of labour and the increase exceeds ten (10) percent of the price and/or wages which were prevailing at the time of receipt of tender for the work. The increase should not be attributable to delay in the execution of the contract within the control of the contractor.

The operation at the clause includes both the increase as well as decrease in price of materials and/or the wages of labour.

To ensure uniformity in working out the rates so payable, the rates are to be analyzed and fixed by the SSWs of the Zones and approved by the Chief Engineers. The EEs can make payments on the basis of these rates after satisfying the other requirements of clause 10(C).

Clause 10(C) forms an exception to the general rule of the contract that nothing more than what has been agreed to be paid for work done is to be paid to the contractor. It is in the nature of recompense to the contractor if during the progress of the work the price of any materials incorporated in the works and/or wages of labour increases as a direct result of the coming into force of

any fresh law or statutory rule. The first thing is that the exception has to be strictly construed. Secondly, it contains an in-built safeguard because it is in the nature of an equitable reimbursement. The exception is that if the increase so payable is not, in the opinion of the Superintending Engineer (whose decision shall be final and binding), attributable to delay in the execution of the contract within the control of the contractor.

In each case where the contractor claims payment under clause 10(C), Superintending Engineer must record his decision whether during the period beyond the time as per agreement or extended time as approved, payment is admissible or not depending upon whether the delay was on account of the default on the part of the contractor.

Clause 10(CC)

32.8.1 This clause provides for compensation in case of increase in price of materials and/or wages of labour required for execution of work (not for the materials supplied or services rendered at fixed price in accordance with clause 10 and 34 hereof), subject to certain conditions and also down ward adjustment in case of decrease in rates in above items.

32.8.2 Clause 10(CC) will not be applicable in all contracts where the stipulated period for completion is eighteen months or less.

32.8.3.1 The components of material, labour and P.O.L. for every work have to be pre-determined and incorporated in the contract. For this purpose, the works, shall be classified broadly as under :—

- (i) Building works including sanitary and water supply.
- (ii) Road works and pavement works in Airfields.
- (iii) Development works.
- (iv) Carriage works.
- (v) Internal Electrical installations.
- (vi) External Electrical works.
- (vii) Supplying and installation of machinery, like lifts, sub-stations, pump sets etc.

32.8.3.2 The following conditions shall be incorporated in the "special conditions of contract" attached with the NIT papers.

"The components of materials, labour and P.O.L. as indicated in para 32.8.3.1 have been pre-determined as below :

- (a) Material percent
 - (b) Labour percent
 - (c) P.O.L. percent
- Total 100

32.8.3.3 In the case of building works, the component of P.O.L. is very small and need not be indicated separately. Following percentages may be indicated for various categories of civil works:

Category of work	Cement	Steel	Material	Labour
P.O.L.				

1.	Buildings	—	—	75%	25%	—		
2.	Road Works & Pavements in Air fields	—	—	90%	5%	5%		
3.	External Sewerage	—	—	90%	10%	—		
4.	External Water supply	—	—	95%	5%	—		
5.	Bridgework/Flyover works	—	—	—	25%	—		

The above percentage components are for normal types of works with ordinary/hard soil strata etc. Where the soil strata is pre-dominantly rocky, involving heavy cutting or there are other special features, percentages may be fixed by the various authorities approving NIT taking into consideration the detailed estimate.

In respect of carriage works and for other development works such as levelling etc. also, the NIT approving authority may decide the percentage components.

32.8.4 The contractor shall prepare the statements of escalation or de-escalation at the end of every three months and submit to the Engineer-in-Charge. The first statement of escalation shall be prepared at the end of three months excluding the month in which the work was awarded and the work done from date of start to the end of this period shall be taken into account. For subsequent statements, cost of work done during every quarter shall be taken into account. At the completion of work, the work done during the last quarter or fraction thereof shall be taken into account. For the purpose of reckoning the work done during any period, the bills prepared during the period shall be considered. The dates of preparation of bills as entered in the M.B. by the Assistant Engineer shall be the guiding factor to decide the bills relevant to any period. The date of completion as finally recorded by the competent authority in the MB shall be the criterion.

32.8.5 The EE will communicate the base index to the contractor in respect of each work.

32.8.6.1 The EE will sanction the compensation for escalation or deduction on account of de-escalation and the amount thus sanctioned will be included in the next running account bill or final bill as the case may be. The cost of work for which escalation/de-escalation is applicable/deductible shall be worked out as below:

- (a) Gross value of work done upto this quarter (A)
- (b) Gross value of work done upto the last quarter (B)
- (c) Gross value of work done since previous quarter (a) – (b) (C)
- (d) Full assessed value of SA fresh paid in this quarter (D)
- (e) Full assessed value of SA recovered in this quarter (E)
- (f) Full assessed value of SA for which escalation is payable in this quarter (d) – (e) (F)
- (g) Advance payment made during the quarter (G)
- (h) Advance payment recovered during the quarter (H)
- (i) Advance payment for which escalation is payable in this quarter (g) – (h) (I)

(j) EI paid as per clause 12 & 12A based on prevailing M/R during the quarter (J)

$$X = C \pm F \pm I - J$$

$$Y = 0.85 X$$

(k) Less cost of materials supplied by the department as per clause 10 & recovered

during the quarter (K)

(l) Less cost of services tendered at fixed charges as per clause 34 & recovered

during the quarter (L)

(m) Cost of work for which escalation/de-escalation is applicable

$$W = Y - (K + L)$$

32.8.6.2 The EE shall ensure before sanctioning any statement under clause 10CC, that no work executed beyond stipulated date of completion is covered by the sanction, till the date of completion is duly extended in writing under clause 5 of the contract or otherwise, without compensation under clause 2 or otherwise of the contract by the competent authority.

32.8.7 All India wholesale price index for all commodities and for the group (Fuel, power, light and lubricants) as published by the Economic Adviser to the Price index for Industrial Labour (All India) declared by Labour Bureau, Govt. of India will be collected by the SE (S&S). He will work out the indices relevant to each month as per definition given in the sub clause and communicate to all the Chief Engineers/SEs, who would arrange to circulate these figures to all EEs under their jurisdiction.

32.8.8 Copy of all sanctions issued by the EE shall be sent to his SE and to his CE also if the tender for the work was accepted by the Chief Engineer.

Clause 12 of PWD Forms 7 & 8

32.9 Under this clause the Engineer-in-Charge has powers to make any alterations in, omission from, addition to or substitution for the original specifications, drawings, designs and instructions.

32.9.1 The Engineer-in-Charge is empowered under this clause to give the necessary instructions to the contractor and the contractor is bound to carry out the work in accordance with such instructions but the following three conditions should be satisfied in the issue of such instructions.

(i) Instructions must be given before any additional or substituted item is taken up.

(ii) They must be given in writing.

(iii) They must be signed by the Engineer-in-Charge.

32.9.2 As regards the extra time for completion of the work due to deviations (in agreement items, section 23.1) and altered, additional or substituted items, the Engineer-in-Charge should determine the proportion that the algebraic sum of deviated, altered, additional or substituted work bears to the original contract work and certify for such portion. For substituted items, the additional cost of modified component only is to be taken. He should extend the time for the

completion of the work according to such proportion plus 25% thereof. The proportion so determined by the Engineer-in-Charge is final and the contractor cannot raise a dispute as to such proportion and demand arbitration. However, if the contractor feels that the period of extension given is, having regard to the proportion so determined miscalculated, it is open to him to request arbitration under the relevant clause about the propriety or otherwise of such period of extension.

32.9.3 Some times while sanctioning rates the Engineer-in-Charge gives the impression to the contractor that although he had recommended higher rates, the SE or the Chief Engineer had reduced them. It should clearly be borne in mind that under the terms of the contract it is the Executive Engineer who is the competent authority for according such sanction and it should be so worked as to convey clearly to the other party that the rates have been sanctioned by him and not for or at the instance of the higher authority. Sometimes the Executive Engineer endorses copies of communication addressed by them to the competent authority for sanctioning rates for certain items, to the contractor concerned. This practice is irregular and is likely to cause legal complications. All communications in connection with fixation of rates etc. should be marked "Confidential" and copies thereof should not be endorsed to the contractors or any other private party. In reply to the communications of the contractors asking for early settlement of rates, where rates are required to be examined and sanctioned by higher authorities and the sanction is awaited, the contractor should not be informed that sanction of the competent authority is awaited. They should only be informed that the matter is under consideration and is receiving attention.

32.9.4 On receipt of the rates from the contractor intimated by him under sub-clause (v) of clause 12.1.2 of contract the Engineer-in-Charge should consider whether the rates demanded are reasonable. If he is of the opinion that they are reasonable, he may agree to the rates after consulting the competent authority. If on the other hand he is of the opinion that the rates demanded are not reasonable and he does not agree to them he should determine the rate on the basis of the market rate within three months. As far as possible market rate analysis should be based on coefficients given in the Delhi Analysis of Rates.

32.9.5 Clause 12.2 provides that in case of substituted items and additional items, which result in exceeding the limits specified in clause 12.1.2(vi) (for items excluding foundation) the contractor shall within 15 days from the receipt of order claim revision of rates supported by analysis in respect of items and quantities exceeding deviations limits and the Engineer-in-Charge may revise the rates based on market rates. The contractor on no account shall suspend the work on the plea of non-settlement of rates of items.

For operation of this clause, thus the following points may be necessary:

1. There should be written order for deviation.
2. The contractor is to apply for revision of rates within 7 days supported by analysis.
3. The rates for deviated quantities beyond deviation limit is to be based on market rates.
4. The work shall not be suspended on the plea of non-settlement.

5. Only for the quantities beyond the deviation limit, the rates shall be revised and only if all the limits specified in clause are exceeded. It should be noticed that the whole operation of clause 12 and 12A for deviation is for works, which appear necessary in the execution of work, specified in scope of work.

Clause 16 of CPWD Forms 7 & 8

32.10 Under this clause the contractor may be required to make good the defects in work at his own expenses or re-execute the work if it is not in accordance with the specifications, designs, etc. and the clause authorizes the Engineer-in-Charge to offer lower rates to the contractor for work done below specification, if the works so done is otherwise acceptable to the Department. Departmental instructions, however, exist that sub-standard work should not be accepted under any circumstances (Section 30.3).

32.10.1 This clause empowers the Engineer-in-Charge to ask the contractor to rectify the defective work and in the event of his failing to do so within the period to be specified by the Engineer-in-Charge in his demand, the contractor shall be liable to pay compensation at the rate specified in clause 2, while his failure to do so continues and in case of any such failure the Engineer-in-Charge may rectify, remove or re-execute the work at the risk and expenses of the contractor. Notice to contractor, of the intention to recover compensation, is not necessary under this clause.

32.10.2 The Superintending Engineer has not been given any power to reduce or waive compensation levied by the Executive Engineer under this clause.

CPWD Form No. 9, 10, 11 and 11A - There is no corresponding clause in these forms.

CPWD Form No. 12 - Clause 12 of this Form is almost identical with clause 16 of forms CPWD No. 7 and 8.

Clause 14 Forms CPWD 7 and 8 and Clause 20 of Form CPWD 12

32.11 These clauses specify in addition to those mentioned in Clause 3 (CPWD Forms 7 and 8) the circumstances under which the tender accepting authority can cancel the contract:

32.11.1 Permission to sublet or assign the contract to another party should not be given to a contractor under clause 14 by Divisional Officer without prior reference to the authority who accepted the tender. The accepting authorities should keep the following points in view in case they decide to grant such a permission.

(i) Sub-letting should be permitted only in exceptional cases and for recorded reasons as to why contractor himself cannot directly run the contract.

(ii) In all cases, sublettee should be a contractor of the same or higher capacity or class as the original contractor.

(iii) Sanctioning authority must see the terms and conditions of the agreement between the contractor and the sublettee in order to satisfy himself that the contractor is not subletting the work for earning a middle man's profit.

(iv) It should be seen at the time of subletting that the Government will not be put to any loss on this account and that no risk is involved.

(v) Individuals holding general power of attorney cannot operate a contract awarded to a contractor.

Note: The work done on piece work basis through the labour employed by them does not come within the definition of subletting the work.

32.11.2 The following certificates should be recorded in all the running and final bills in respect of works costing above Rs.60,000/-.

(a) By the Contractor "I certify that I have not sublet this work".

(b) By the Executive Engineer "To the best of my knowledge I certify that the work has not been sublet by the contractor".

32.11.3 CPWD Forms No. 9 Clause 13 is identical to clause 21 of CPWD Form Nos. 7 and 8 as far as the subletting is concerned.

PWD Form No. 10, 11 and 11A - There is no corresponding clause in these forms.

Clause 36

32.12.1 In order to effectively operate the provisions under Clause 36, certain instructions on this clause:— EE's should ensure that the contractor is called upon, immediately after award of work, to intimate the details i.e. name, qualifications, and address of the qualified Engineer required to be employed by him as per terms of the contract and to ensure that a properly qualified engineer employed by contractor is actually available at site to note down the instructions conveyed by the representative of the Engineer-in-Charge in site order Book or/his authorised representative, namely AE or JE. The Engineer should also be invariably present during important stages of the execution of the work to be clearly specified by EE in his letter to the contractor. The Engineer should also be associated with measurement of important items of work. In addition the contractors' Engineer shall be present at the site of the work, whenever desired by the Engineer-in-Charge. In this respect an advance intimation shall be given by the department verbally or in writing. Suitable directions should be issued to the AEs to verify this during their inspection of work and measurements recorded by the JE. It is also essential that the certificate that a qualified engineer satisfactorily employed by the contractor as per the provisions of clause 36 has looked after the work during its execution is recorded by the AE alongwith each running bill. Executive Engineers should also verify the fact of employment during their visit of works.

32.12.2 Certain Administrative instructions as regards this clause are given as under :—

(i) There shall be no objection if an Engineer or Overseer looks after more than one work, provided the total value of works under him does not exceed Rs. sixty lacs in the case of an Engineer and Rs. Twenty five lacs in the case of an Overseer.

(ii) It is not necessary for a contractor (or partner in case of firm/company) who is himself an Engineer/Overseer to employ another Engineer/Overseer for the supervision of the work, so long as the contractor/partner does work similar to what would have been done by an employed Engineer/Overseer.

(iii) The Retired Engineer/Asstt. Engineer who are holding Diplomas may be treated at par with Graduate Engineers for the operation of the above Clause.

Staff to be Employed by Contractor on Works

32.12.3 The contractor shall employ the following technical staff during execution of works :

(a) For works with estimated cost put to tender more than:

(i) Rs. ten Lakhs for Civil Work.

(ii) Rs. five Lakhs for Elec/Mech. Works.

Graduate or retired AE possessing at least recognised diploma.

(b) For works with estimated cost put to tender:

(i) More than Rs. five Lakhs but less than Rs. ten Lakhs for Civil Works

(ii) More than Rs. one lakh but less than Rs. five lakh for Elec./Mech. works

Recognised Diploma Holder.

(c) Discipline to which the Principal Technical Representative should belong:

Civil/Elect./Mech.

(d) Minimum experience of works Years

(e) Recovery to be effected from the Contractor in the event of not fulfilling provision of clause 36(i):

Rs.4,000/- per month for Graduate.

Rs.2,000/- per month for Diploma Holder

Clause 42

32.13 Clause 42 (ii) and (iii) of PWD Forms 7 and 8 lays down that recovery at a specified rate (higher than the normal issue rates) is to be made from the Contractors for use of cement and steel in excess over the quantity arrived at by theoretical calculation. The intention behind the clause is that the Contractor shall take only the required quantity of materials and if any such materials remained unused at the time of completion or determination of the Contract it has to be returned to the Engineer-in-Charge. The clause specifically provides that the material not so returned shall be recoverable at the rates as specified. The rates so specified forms the reasonable compensation for the breach of the provisions therein. Thus this particular clause is not in the nature of penalty but provides a reasonable compensation. The aggrieved party for the breach of the contract can receive reasonable compensation, not exceeding the amount so named. The recovery of the rates specifically mentioned in the particular clause for such breach is not the black market rate of the cement or steel but a contract between the parties provided as reasonable compensation for breach of the contract relating to the excess issue of cement and steel, not returned by the contractor.

In order to operate the provision of this clause effectively it is necessary that with every running account bill a statement showing the theoretical

requirements of cement and steel for the items of work done and measured should be prepared and got signed from the Contractor at the time of obtaining his signature on the running account bill, so that he is aware of the basis on which the theoretical calculations are worked out. It will also enable exercise of broad check over the consumption of these materials during the execution. As already mentioned above the recovery at the rates so specified in the clause is for the material in excess over the quantity arrived at the theoretical calculations not returned by the Contractor (and not for excess consumption). It is thus particularly essential for the Engineer-in-Charge never to admit that entire quantity of material issued had actually been consumed in the work. In the counter statement of facts in Arbitration also statement such as excess material has actually been used in the work should never be made. It is also absolutely necessary that a notice in writing should be issued by the Engineer-in-Charge to the Contractor to return the materials issued in excess of the theoretical quantity as provided in clause 42 and 10. Only there after action for recovery on clause 42 is to be taken.

32.14 In the judgement of the Delhi High Court delivered in Civil Suit No. 27-A/75 Mehta Teja Singh & Co. Vs. Union of India etc. the High Court have upheld that recovery at double the issue rate for the excess quantity of materials issued than the quantity calculated on theoretical basis under Clause 42 (ii) of the Contract Form PWD 7 and 8 as justified.

Annexure - 1

(Reference para 32.1 (C))

SPECIMEN NOTICE

To

The

Sub :

Dear Sir,

The stipulated date of for the above mentioned work was as per agreement dated the under clause 2 of the aforesaid agreement you have rendered yourself liable to pay compensation.

You are, therefore, requested to show cause within a fortnight of the issue of this letter as to why the compensation should not be levied upon you under the above referred clause of the general conditions of contract for delay in performance of the contract and to maintain the progress. If no, reply is received from you within the above period it will be construed that you have nothing to say in the matter and the necessary action will be taken.

Yours faithfully,

Executive Engineer

SECTION 33

FAIR WAGE CLAUSE AND CPWD CONTRACTOR'S LABOUR REGULATIONS

Provision of Act

33.1.1 The Contract Labour (Regulation and Abolition) Act, 1970 applies to every establishment in which 20 or more workers are employed or were employed on any day of the preceding 12 months as contract labour and to every contractor who employs or who employed on any day of the preceding 12 months; 20 or more workmen. The Act also provides for registration of establishment and Licensing of Contractors. Accordingly every principal employer is to make an application to the Registering Officer for registration of the establishment. Section 9 of the Act lays down that no principal employer of an establishment, required to be registered under Section 7 but which has not been registered within the prescribed time limit, shall employ contract labour after the date.

33.1.2 It has been clarified by the Ministry of Labour that the 20 contract labourers can be through one or more contractors and it does not matter that a single contractor may not be employing 20 or more contract workers. It is sufficient that a total of 20 contract workers (through contractors) are working in an establishment of Principal Employer.

33.1.3 If a contractor employs 20 or more workmen on any day in the preceding year, contractor is legally bound to take licence from the Licensing Officer i.e., Assistant Labour Commissioner, Central.

33.2 As required under Section 2 (i) (g) of the Act, the Ministry has decided to declare every Divisional Officer (Executive Engineer or Deputy Director of Horticulture) or any Sub-Divisional Officer in-charge of an independent Sub-Division as "Principal Employer".

33.3 The fees to be paid for the grant of Certificate of registration shall be as prescribed under the Act.

33.4 In pursuance of Section 12 of the Act, no contractor to whom the said Act applies, shall undertake or execute any work through contract labour except under and in accordance with a licence issued in that behalf by the Licensing Officer.

Acts/Omissions

33.5 The Appropriate authority in terms of Section 6 (ii) of the Central P.W.D. Contractors' Labour Regulations to approve the list of acts and omissions for which fines are liable to be imposed is the, "Chief Labour Commissioner."

33.6 The list of Acts and omissions for which fines can be imposed on workers by contractors is given in General Conditions of Contract.

Fair Wages

33.7 'Fair Wages' under CPWD Contractors' Labour Regulations means wages fixed and notified under the provisions of the Minimum Wages Act, 1948 from time to time. The fair wages clause is applicable only to those employees whose wages do not exceed the limit prescribed in the Act.

33.8 It should be the duty of the Labour Officer to make enquiries about non-payment of wages for preventing wages claims of Contractors Labour falling in arrears. For this purpose, it is essential that Labour Officer should make frequent site inspections as this is the only way of contacting Labour in the field and thus preventing wages falling in arrears. Any case of accumulation of arrears should be specifically brought to the notice of EE and SE for enquiry.

33.9.1 The responsibility of identifications of Labour rests with the Labour Officer. He will, however, be afforded all assistance by the Junior Engineers.

33.9.2 The contractor shall also abide by the provisions of the Child Labour (Prohibition and Regulation) Act, 1986. No labour below the age of fourteen years shall be employed on the work.

33.9.3 Normally working hours of an employee should not exceed 9 hours a day. The working day shall be so arranged that inclusive of interval of rest, if any, it shall not spread over more than 12 hours a day.

33.9.4 When a worker is made to work for more than 9 hours on any day or for more than 48 hours in any week he shall be paid overtime for the extra hours put in by him at double the ordinary rate.

Responsibilities of Field Officers

33.10 In order to ensure regular payment of wages to the Labour by the Contractor, the fair wages clause 19B (d) provides that the Executive Engineer or the Sub-Divisional Officer concerned shall have the right to deduct from the money due to the contractor any sum required or estimated to be required for making good the loss suffered by the workers, non-payment of wages or of deductions from his or their wages which are not justified by the terms of the contract or non observance of the Labour regulations. In view of this provision and other provisions Fair Wage Clause as embodied in the agreement, it is incumbent upon the Ex. Engineer and the Sub-Divisional Officers to see that the Labour employed by the contractor is paid regularly and no arrears are allowed to accumulate on this account. For this purpose, they should see that the returns prescribed are duly submitted by the contractor and they should scrutinise them with a view to see that the contractor is duly fulfilling the conditions of the contract.

33.11 In case an Ex. Engineer finds it difficult to take action on the advice tendered by the Labour Officer under Contractors Labour for any reasons, the matter should immediately be reported to the Superintending Engineer concerned and obtain direction from him.

33.12 Security Deposit of the work shall not be refunded till the contractor produces a clearance certificate from the Labour Officer. As soon as the work is virtually complete the contractor shall apply for the clearance certificate to the Labour Officer under intimation to the Engineer-in-Charge. The Engineer-in-Charge, on receipt of the said communication, shall write to the Labour Officer to intimate if any complaint is pending against the contractor in respect of the work. If no complaint is pending, on record till after 3 months after completion of the work and/or no communication is received from the Labour Officer to this effect till six months after the date of completion, it will be deemed to have received the clearance certificate and the Security Deposit will be released if otherwise due.

Responsibilities of Contractor

33.13 The Contractor shall comply with all the provisions of Minimum Wages Act, 1948. Contract Labour (Regulation and Abolition) Act, 1970 and rules framed there under and other labour laws affecting contract labour that may be brought into force time to time.

33.14 It shall be the duty of the Contractor to ensure the disbursement of the wages in the presence of the JE or any other authorised representative of the Engineer-in-Charge who will be required to be present at the place and time of disbursement of wages by the Contractor to workmen.

33.15 The Contractor shall obtain from the Junior Engineer or any other authorised representative of the Engineer-in-Charge, as the case may be, a certificate under his signature at the end of the entry in the prescribed 'Register of Wages' or the 'Wage-cum-Muster Roll' as the case may be, in the following form:—

"Certified that the amount shown in column No. has been paid to the workman concerned in my presence on at

Deductions to be made from Contractor's Bills

33.16 The Labour Officer or other persons authorised as aforesaid shall submit a report of result of his investigation or enquiry to the Executive Engineer concerned indicating the extent, if any, to which the default has been committed with a note that necessary deductions from the contractor's bill be made and the wages and other dues be paid to the Labourers under clause 13 of these regulations. Actual payment to labourers will be made

by the Executive Engineer after the Superintending Engineer has given his decision on such appeal.

33.17 The Executive Engineer shall arrange payments to the Labour concerned within 45 days from the receipt of the report from the Labour Officer or the Superintending Engineer as the case may be.

33.18 The contractors in the CPWD are required to pay to the Labour employed by them either directly or through sub-contractors, fair wage as defined in the Contractors' Labour (Regulation and Abolition) Act, 1970 and the rules made thereunder.

33.19 No deduction of account of Jamadar's commission charges etc. is to be deducted from the wages of Labourers. In case the liability of the commission charges shall fall on the workers.

Procedure in case of Accidents to Contract Labour

33.20.1 In case of fatal accidents or accidents involving permanent total disability the accident must invariably be reported to the CE with a copy among others, to the SE and LOs concerned, immediately after the accident.

33.20.2 A meeting of the EE and the LO and the Medical Officer for Delhi only should be held within 24 hours of the accident for enquiry and report.

33.20.3 Thereafter the Labour Officer (EE concerned for Delhi) should make personal investigation into the matter and submit a brief report to the Chief Engineer with a copy to the SE concerned. The disposal of accident cases should be given priority at all levels.

SECTION 34

RULES FOR ENLISTMENT OF CONTRACTORS

34.1 The rules for enlistment of contractors in the CPWD are contained in Appendix 34 & Appendix20 (for Contactor of Elec. specialized jobs).

34.2 Dismissed Government servants should not be enlisted as contractors in the CPWD except with the prior approval of the C.W. Board.

Registers of Enlisted Contractors

34.3 Each Office shall maintain registers showing the enlistment of various contractors in different classifications. Whenever contractor are blacklisted, removed or temporarily suspended from the list of approved contractors a remark shall be made in the register against the contractors concerned.

Each Division and Circle Office should maintain a register for Circulars Imposing penalty of one kind or the other as a result of review of the Performance report in the following proforma :

1. Sl.No.
2. Name of the Contractor.
3. Regd./Un-regd.
4. Class of Registration.
5. Warnings issued.
6. Suspension of business for years.
7. Demoted from Class To Class
8. Debarred/Blacklisted.
9. No. & date of DG(W) Office Circular.
10. Remarks.

It would be the personal responsibility of the EE to see that he has received all the circulars under the said series. At the time of handing over charge, the file should be handed over to his successors.

For all Contractors enlisted with CPWD

The report shall be written by the EE for the class or category according to their enlistment with CPWD and submitted to respective enlistment authority under the signature of the authority as mentioned below:

Class of contractor	To be submitted to	Signing authority
I (All categories)	DG(W)	CE
II (All categories)	ADG	CE
III (All categories) & IV (B&R),	CE*	SE
IV (Elect. & Fur) V (B&R)	SE*	EE

*Unless they themselves are the enlistment authority, they will forward the performance report to the enlistment authority.

For all Contractors who are not enlisted with CPWD

The report shall be written by the EE and submitted to the CE of the concerned Zone under the signature of SE of the Circle.

PROFORMA FOR PERFORMANCE REPORT OF CONTRACTORS OF CLASS IV (ELECT.), CLASS IV (FUR.) & CLASS V (CIVIL)

- (ii) Construction machinery and equipment deployed on the work
- (iii) Shuttering & Scaffolding materials and other non consumables.
(For Horticulture work Equipment and T&P)
- (iv) Behaviour of contractor/his employees
(Quote specific misbehaviour, if any)
- (v) Responsiveness/sense of responsibility
- (vi) Labour welfare measures

*Reporting
Officer*

*Reviewing
Officer*

*Countersigning
Officer*

34.4 Confidential Registers similar to those maintained for contractors who are borne on the approved list the CPWD should also be maintained in respect of contractors who are awarded works on the basis of their enlistment with the state PWDs, MES or Railways.

Extract form adverse reports from the confidential register of contractors in respect of non-registered contractors with this Department may be sent to the concerned Department by the Chief Engineer concerned direct.

Government Record correspondence and Contractors

34.5 No contractor shall be entrusted with Government records at any occasion.

34.6 All notes, Demo-official, correspondence, U.O. Notes and any other Notes containing recommendations about any matters relating to contractors or others are to be treated as strictly confidential.

34.7 If a case of a contractor has been referred to higher authority by the Executive Engineer or the Superintending Engineer, no information should be given to the Contractor regarding the level at which the cases are being dealt with and the designation of the authority who is considering the case should also not be indicated. Any communication to the contractor in this respect should merely mention that the matter is under consideration.

Section 35

Arbitration and Litigation Cases

Application of Arbitration Clause 25 of Standard Contract Form

35.1 Clause 25 of the Standard Forms PWD 7 and 8 and other relevant clauses in PWD Forms 9, 11, 11 A and 12 provides for appointment of an Arbitrator in case of questions and disputes relating to certain matters, specified therein arising at any stage, whatever, between the parties. This, however, does not apply to action taken under following clauses where the decision of the specified Officer is final to the extent given below:

1. Clause 2: Decision of SE regarding rate at which compensation is recovered.
2. Clause 3: Expenses incurred by the Engineer-in-Charge in getting the work done either by employing labour or through another agency.
3. Clause 5: Opinion of the Engineer-in-Charge as to the reasonability of the grounds shown by the contractor for granting extension of time.
4. Clause 12: The proportion that the algebraic sum of amounts of deviations, altered, additional or substituted work bears to the original contract value, for the purpose of determining the reasonable extension of time for completion of work due to these components.

35.2 The Contractor cannot have recourse to a court of law for the redress of his grievances, unless he has exhausted the channel of arbitration as envisaged in relevant arbitration clause. Even if the contractor goes to court, the Executive Engineer should take a plea that the contractor being a signatory to the agreement containing arbitration clause, any dispute arising out of or in any way connected with the execution or work has first to be settled by reference to arbitration.

Application for Appointment of Arbitrator

35.3 A standard application form seeking appointment of arbitrator has been evolved. Contractors seeking arbitration should apply in this Form (Annexure 1).

35.4.1 The application form duly filled in shall be submitted by the contractor to the Chief Engineer, with two copies thereof to the concerned Executive Engineer. All the three copies of the application form shall be accompanied by a statement of claims in the matter indicated in the application form.

35.4.2 The arbitration clause can be invoked by the Engineer-in-Charge as well by applying to the Chief Engineer for appointment of the Arbitrator. He should apply for arbitration as and when the dispute arises and should not wait till the end. He should also stick to the time schedule mentioned in the clause 25(i) for contractor.

35.4.3 The party invoking arbitration clause should give information enough to justify existence of dispute. For this purpose the party has to give details about the demand having been made and its refusal by the other party. It is held by Courts of Law that a "dispute" implies an assertion of right by one party and repudiation thereof by the other. Existence of a dispute is a condition precedent to arbitration. If there is no existence of dispute there cannot be any right to demand arbitration.

In view of the above, the Chief Engineers should ensure that before appointing arbitrator, they should ensure that existence of dispute(s) has been established. For this purpose the party invoking arbitration clause should be asked to produce documentary evidence of its claims having been duly lodged with the other party and refusal by the other party to accede to them.

Preparation for arbitration cases

35.5 The following steps should be taken by the Divisional Officers with a view to properly defend the Arbitration cases:

(i) As soon as a Contractor applies for arbitration, Executive Engineer should prepare a detailed history sheet containing the data regarding estimates, designs and drawings, NIT, agreements, extra and substituted items, reduction statements, extension of time/notices issued under clause 2, 14 etc. and send a copy to his Superintending Engineer.

(ii) List out important letters in respect of the issues raised by the contractor or the important notices by the contractor or the important notices issued to the contractor and place these originals in a separate file. In the routine file, true copies of these documents may be placed.

(iii) Keep original agreements, plans, designs including the calculations for these if available, details of measurements and analysis of rates attached to the technically sanctioned estimates, all the MBs connected with the work, cash book, site order book, cement register in safe custody of the Executive Engineer alongwith original listed in para (ii).

(iv) The measurement books should be closed.

(v) All the files connected with the work should be properly page-numbered stitched and sealed and kept by the Executive Engineer alongwith the above record.

(vi) If there are important situations or circumstances which are not available on the file but are only known to the Executive Staff, their signed statements regarding the factual information should be obtained and kept on record, as after a lapse of time, they may not be available for personal discussions or they may be unable to recall past events.

(vii) The Executive Engineer may call the Executive Staff in charge of the work from their new stations for any information that he may need to collect by personal discussions, but only under orders from the Superintending Engineer concerned.

35.6.1 If the work has been completed the final bill should be prepared as early as possible, in any case before the disputes are referred to arbitration. The Superintending Engineer/Executive Engineer should ensure that the bills are finalised immediately, if not already done.

35.6.2 A detailed note on the facts of the case dealing with each and every item of the claims and/or counter claims should be prepared by the Executive Engineer along with reference to various relevant documents supporting the Government case or negotiating the Contractor's claim.

Processing of Contractor's Application

35.7 The Executive Engineer shall send one copy of the application of contractor direct to the chief Engineer with the undernoted information, without

waiting for a reference from the Chief Engineer and within 15 days from the date of receipt of Contractor's application in his office with a copy to Superintending Engineer. Superintending Engineer should send his report to Chief Engineer immediately.

(a) An attested copy of relevant arbitration clause.

(b) A note regarding verification of the factual data furnished by the Contractor in the application form.

(c) Brief comments on each claim of the Contractor. While giving such comments, the admissibility of the claims in the light of arbitration clause and Limitation Act, will be kept in view and commented upon.

(d) Statement of counter claims of the Department if any. However, if counter claims are not readily enlisted or available, comments on contractor's claims should not be delayed.

Appointment of Arbitrator

35.8 The standard form of appointment letter at Appendix 35 is to be used for appointing an Arbitrator.

35.9 In those cases where the amount of the claim is less than Rs.1,00,000/- (Rupees One lac) para 2 of the standard form should be deleted. (Para 2 states that the Arbitrator shall give reasons for the award if the amount of claims in dispute is Rs. one lac or above).

35.10 The Government of India have appointed a panel of Arbitrators in the Ministry and generally the cases of disputes between the Government and other parties are referred to the sole arbitration of one of them as may be decided by the Chief Engineer/Director General (Works).

35.11 The person thus appointed shall be the sole Arbitrator and his award shall be final and binding on all parties to the contract, unless it is set aside by the Court.

35.12 Whenever a notice for appointment of an arbitrator is received from a contractor in terms of clause 25 of Agreement Forms 7 and 8 (and corresponding clauses in other forms), the Chief Engineers should process the cases so as to appoint an arbitrator within 30 days from the receipt of such a notice. The time limit of 30 days for appointment of arbitrator should be strictly adhered to.

35.13 In cases, where no agreement exists or where no clause exists in an agreement for referring the matter of dispute to the sole arbitrator of a person to be appointed by the Chief Engineer/DG (W), the disputes should not be referred to arbitration by mutual consent and no agreement should be drawn up for this purpose.

35.14 The authority of an appointed arbitrator does not become revocable except with the order of the court. It shall not be revocable by the death of any party or parties to the contract.

35.15 The draft letter for appointment of new arbitrator due to transfer or vacation of office by the old arbitrator shall be as per Appendix... 36.

Action subsequent to Appointment of Arbitrator

35.16 When the Arbitrator enters into reference and writes to the parties to the contract to file the statement of facts and counter statement of facts before him,

the Executive Engineer should take prompt action to prepare the defence duly supported by adequate documentary evidence and witnesses and arrange for its submission to the Superintending Engineer and the Departmental Counsel, as may be necessary and get their approval and send to the Arbitrator by the date and within the time specified by him. In cases where the claims (excluding interest) exceed Rs. Ten lakhs advice of Techno-Legal Cell should be sought as given in para 35.28.1.

35.17 Executive Engineers should deal with submission of Counter statement with utmost urgency and priority. Anyhow, keeping into account the various difficulties in filing the counter statement, it has been decided that the EE's should submit the counter statement of facts normally within one month and in really exceptional cases within two months from the date of receipt of the statement of the facts.

35.18 The EEs should invariably follow this time limit. However, in cases where they foresee some unavoidable delay in adhering to the time limit they should explain the position to the Arbitrator and obtain extension of time before the expiry of the stipulated date.

Engagement of Lawyers other than Departmental

35.19 Where the counsel of the Department is not available and/or where it is considered desirable to avail of the services of a local lawyer to conduct a case on behalf of the Department or assist the Departmental counsel, fees may be paid at the rates approved by the State in which the cases are conducted. In such cases approval of the Chief Engineer/A.D.G./Director General (Works) as the case may be, should be obtained before engaging such lawyer.

35.20 Where the fees are in excess of the approved rates of charges laid down by the State Administration, prior approval of the Government should be obtained.

35.21 In the case of Officers (EEs) at stations where Senior/Junior Counsel is also stationed the EEs should not engage Private Lawyer/Standing Government Counsel locally except in extreme case where Sr. Counsel/Junior Counsel is not available due to unforeseen circumstances and the case can not be adjourned.

35.22 However, the mere fact that departmental counsel has not been able to come should not ordinarily call for adjournment of whole case and/or engagement of a private lawyer. In such circumstances, the arbitrators may hear the EE on the claims involving technical and physical points. For hearing on legal issues, they may if they are satisfied that hearing the government counsel is necessary adjourn the case only to hear him on that or those issues. The EEs may also where the nature of the claim warrants the presence of the Govt. Counsel seek adjournment if necessary, in writing.

Engagement of Departmental Counsel

35.23 In all cases, where the value of the claims is Rs. Fifteen lacs or more, the Senior Counsel must invariably defend the cases with the help of the Executive Engineer concerned before the Arbitrator. In all cases, which are defended by the Senior Counsel, the Executive Engineer should approach him from the very early stage and should ensure that the times for hearings are fixed by the Arbitrators to suit the availability of the Senior Counsel. The Executive Engineer, concerned should make it a point to contact the counsel and discuss the arbitration cases with relevant documents.

35.24 If the case is to be conducted by the Counsel of the Department, a copy of the detailed note referred along with copies of the documents referred to therein should also be forwarded to him with a draft counter statement/counter claims. The Superintending Engineer concerned should decide whether a particular arbitration case be conducted by the Executive Engineer himself or with the assistance of the Departmental Counsel. For individual claims upto Rs. 50,000/- which do not involve any point of law or interpretation of clauses, the Executive Engineer should prepare the cases himself without taking the assistance of the Counsel.

35.25 Where required, the Departmental Counsel would assist in preparation of the counter statement of facts on the basis of the notes/matter to be made available to him by the Executive Engineer.

35.26 All the documentary evidence in the case has to be examined carefully and placed before the Arbitrator as the situation and circumstances in each hearing demands, stressing the points of the Department to counter act the Contractor's Claim.

35.27 Where the contractor's claims are based on entries in the measurement books recorded by our own officer who may have colluded with the Contractors and made false entries, it is necessary that sufficient evidence contesting the correctness or veracity of the entries in the Measurement Books should be placed before the Arbitrator in support of the Contention of the Department and more care should be taken with regard to selection of the witnesses and evidence that is to be placed before him.

Techno-Legal Units

35.28.1 The Techno-Legal Units handle all arbitration cases, where the claim amount exceeds Rs. Ten lacs (excluding interest). Cases pertaining to Regions of ADG (S&P) and ADG (TD) are handled by SE(TLC) in the headquarters (called the 'Core Unit') and those pertaining to other Regions, by the SE(TLQA) of the concerned Region.

The Techno-Legal Units are required to take up the cases as soon as CSF/SF is prepared by the department and is vetted by the concerned SE. These Units scrutinise the CSF/SF and render necessary advice to the EE/SE regarding defence of the case. The EE/SE should, however, continue to follow the procedure of getting the CSF/SF vetted further by the Senior Counsel.

35.28.2 The Techno-Legal Units scrutinise cases of acceptance or otherwise of arbitration award in the power of ADG and DGW and render necessary advice. The Chief Engineers may also seek their advice in such cases.

35.28.3 All proposals for challenging the awards are to be referred to the Core Techno-Legal Unit. The Core Unit also deals with the cases of appointment of arbitrator other than the designated arbitrators of MUD, correspondence regarding legal opinions/opinion of Senior Counsel and suggestions for modifications to the existing Rules & Procedure and any clarifications needed.

35.28.4 The Techno-Legal Units are required to examine the awards with a view to check:

1. Whether the case has been properly defended before the arbitrator, and

2. Whether there are any lapses on the part of concerned officials due to which the award has gone against the department.

3. Techno-Legal Units shall bring such cases to the notice of Chief Engineer for appropriate action.

Production of Official Documents before Court/Arbitrators and Claiming 'Privilege' concerning the same

35.29 In the course of legal/arbitration proceedings, the Court/Arbitrators may either themselves or at the instance of the opposite party, require production of official records, e.g. files, correspondence, register or the other documents which are supposed to have a bearing upon the case. While the court/arbitrators may require production before them of any document relevant to the case, it must be borne in mind that in terms of Sections 123, 124 of the Indian Evidence Act, the Government is permitted to claim privilege for not producing documents, the disclosure of which may be considered detrimental to public interest. Such privilege may invariably be claimed in respect of all "unpublished records" of the Government i.e. documents which have not come to the knowledge of the other party. For this purpose "Notes Portion" of a file and all communications and letters other than those emanating from or sent to the party (Original or copies) should be treated as "Unpublished" records of the Govt. in respect of which privilege, as aforesaid, can be claimed. This will be done producing before the court/ arbitrators declaration signed by the DG (W)/CE as Head of the Department stating that documents referred in the declaration contain Unpublished official information relating to the affairs of the States and that privilege in respect of the same is being claimed as their disclosure would be detrimental to the Public Interest.

35.30 A Departmental officer may appear as a witness, if summoned by the Arbitrator at the request of a contractor also. He is expected to give true and correct facts of the case. Deterrent action should be taken against the officials concerned, if they are found responsible for giving wrong evidence or concealing materials facts in an arbitration case.

35.31 Wherever required and found necessary, records of C.TE./CE(CSQ)/QA Units objections on overpayments and defective work, reports of C.B.I./S.P.E. or the Vigilance units of the Department may be consulted and their assistance availed of.

Default of a Party

35.32 If the claimant fails to communicate his statement of facts in accordance with the time determined by the Arbitrator without showing sufficient cause, the Arbitrator shall terminate the proceedings. If the respondent fails to communicate his counter statement of facts within the time determined by the Arbitrator, the Arbitrator shall continue the proceedings without treating the failure in itself as an admission of allegations by the claimant. In case a party fails to appear at hearing or fails to produce documentary evidence, the Arbitrator may continue the proceedings and make the award on the evidence before him.

Issue of Award

35.33 Whenever an award is made by an Arbitrator appointed otherwise than through a court and if under the award, some money is payable to the Govt. by the Contractor, the Executive Engineer should first supply to the Arbitrator

stamped paper of appropriate value, as may be asked for by the Arbitrator according to amount of the award, as per the rules of the State, where the award is likely to be made by the Arbitrator and request the Arbitrator to write the award on the stamped paper (Non-judicial) so supplied to him.

35.34 It is open to objection in a court of law to write the award on ordinary paper and afterwards rewrite it on the stamped paper. The award should, therefore, always be obtained on the stamped paper. It is for the Arbitrator to say as to which party should supply the stamped paper in such cases.

35.35 As per the provision in the Arbitration clause, in all cases where the total amount of all the claims in dispute is Rs. One lac and above the arbitrator shall have to give the reasons for the award.

Filing of Award

35.36 After the award is published, it should be examined if it is acceptable to the Govt. Once the competent authority decides to accept the award, immediate action should be taken to make the payment to the contractor.

In cases where the awards are interest bearing and are proposed to be challenged the awarded amount may be deposited in the Court as provided under the provisions of order 24 of CPC in order to avoid the accrual of interest thereon.

Whenever amount of an arbitration award is deposited in court, intimation to this effect should simultaneously be given to the contractor.

35.37 The payment should be made to the contractor after obtaining an undertaking from the contractor for acceptance of the award in full and final settlement. Immediate payment ensures that the Department is absolved of the liability of payment of interest on the amount awarded. The undertaking is to be obtained from the contractor on stamped paper, as per specimen form approved by Ministry of Law enclosed at annexure "A". Before obtaining the said undertaking, the contractor will be addressed, as per specimen letter at annexure "B" formally informing him of the intention of the Department to accept the award. Thereafter the contractor will be called upon to sign the undertaking.

35.38 Immediately on decision to accept the award by the Govt. of India (i.e. by CE/ADG/ DGW as the case may be) or on receiving such intimation from the contractor, a communication as per Annexure-2 should be issued to the contractor intimating the fact of such acceptance and offer payment in terms of the award if the contractor communicates acceptance of the award within the specified time. Payment so made would bar the contractor from suing again in respect of the same dispute.

35.39 An Arbitration award shall not be discharged by the death of any party thereto either as respect to the deceased or any other party, but shall in such event be enforceable by or against the legal representative of the deceased.

Acceptance of Award

35.40 Director General (Works)/ADG/Chief Engineers in the CPWD have been delegated powers for acceptance of arbitration awards as given in Appendix 1.

35.41 Since, for filing objections against an award the period of limitation prescribed under the Arbitration and Conciliation Act, 1996 is three months from

the date of receipt of award by the party, the decision regarding acceptance of an arbitration award should be taken by the competent authority on priority basis.

35.42 The procedure followed in scrutinising the awards consists of examination of merits from factual, technical and legal points of view. The Executive Engineer should, within 7 days of receipt of arbitration award, send a self-contained reference together with a copy of the agreement, a copy each of the statement and counter statement of facts, a copy of the award, financial statement and his comments to Superintending Engineer. The Superintending Engineer should forward the reference with his comments to the Senior Counsel within 4 days of the receipt of the case from the Executive Engineer. Senior Counsel should then send the case with his recommendations to the Chief Engineer within 2 days and the latter should complete the scrutiny within 4 days. He should refer the cases beyond his powers to ADG or DGW as the case may be.

35.43 Copies of all the arbitration awards where reasons are given by the arbitrator shall be sent by the Chief Engineer to the concerned Techno-Legal Unit as soon as the awards are received. Financial implication statement in respect of such awards shall be prepared by the Executive Engineer/ Superintending Engineer in the usual form and sent to the Chief Engineer as well as to the concerned Techno-Legal Unit with the recommendations regarding acceptance or otherwise of the award.

35.44 The Executive Engineer should make payment to the Contractor in terms of the award within a period of 30 days from the receipt of acceptance of award from the competent authority and intimate the actual date of payment award to it.

35.45 The payments made on the arbitration awards, made rule of the court are treated as "Charged expenditure". The payments to the contractors may be authorised by the Chief Engineer, if the expenditure can be met from the "Charged" portion. If the payments against the award can not be arranged by the Chief Engineer out of that appropriations he may obtain assurance for funds required for the purpose from the Director General (Works). The Chief Engineer should send a complete report showing the expenditure incurred during the month and to the end of the month in respect of all the awards, decrees etc.

35.46 In all arbitration cases where awards of the Arbitrators go against the Department (whether by upholding the claims of the contractors or by rejecting the counter claims of the Department), detailed reasons and lapses, if any, on the part of concerned officials due to which the awards have gone against the Department, should be gone into in detail by the Chief Engineer concerned. The Chief Engineer should send his recommendations to DG(W) on the issue of fixing of responsibility and for taking action against the officers, wherever necessary.

The Chief Engineers will keep statistics of all such cases for the information of Government whenever required.

35.46.1 The arbitration award means the total award including the interest awarded by the arbitrator. The amount of such interest is to be worked out upto the date specified in the award. Therefore, the amount of the interest has to be taken into consideration while deciding the authority competent to accept the award. However, in case no fixed date is specified in the award and the interest is to be paid upto the date of actual payment of award amount to the contractor, the likely date of such payment may be taken into consideration. There may be

a situation that after acceptance of the award by the competent authority, the actual payment to the contractor gets delayed beyond the anticipated date due to some unavoidable circumstances and the amount of interest increases to an extent that the total amount of award exceeds the power of acceptance of the authority that accepted the award. In such cases, the payment may be made to the contractor as early as possible and the case may be submitted to the next higher authority, competent to accept the increased amount of award, for ex-post facto approval.

Setting Aside of the Awards

35.47 The question of challenging the arbitral award in a court of law should be considered very carefully. Under section 34 of Arbitration and Conciliation Act, 1996, there are very few grounds available to challenge the arbitral award as follow:

- (a) The party making the application furnishes proof that—
 - (i) a party was under some incapacity, or
 - (ii) the arbitration agreement is not valid under the law to which the parties have subjected it or, failing any indication thereon, under the law for the time being in force, or
 - (iii) the party making the application was not given proper notice of the appointment of an Arbitrator or of the arbitral proceedings or was otherwise unable to present his case, or
 - (iv) the arbitral award deals with a dispute not contemplated by or not falling within the terms of submission to arbitration, or it contains decision on matters beyond the scope of submission to arbitration, provided that, if the decision on matters submitted to arbitration can be separated from those not submitted, only the part of the arbitral award which contains decisions on matters not submitted to arbitration may be set aside, or
 - (v) the composition of the arbitral tribunal or arbitral procedure was not in accordance with the agreement of the parties, unless such agreement was in conflict with a provision of this Part from which the parties cannot derogate, or failing such agreement, was not in accordance with this Part, or
- (b) The court finds that—
 - (i) the subject matter of the dispute is not capable of settlement by the arbitrator under the law for the time being in force, or
 - (ii) the arbitral award is in conflict with the public policy of India.

Since almost all the awards are interest bearing the question of depositing the awarded amount in the court should invariably be examined by Chief Engineers to save payment of interest. They should give specific recommendations in this respect while recommending challenging of awards in the case of interest bearing awards.

35.48 An application for setting aside an arbitrate award may not be made after three months have elapsed from the date on which the party making that application had received that arbitrate award or from the date on which his application for correction in or interpretation of arbitrate award in terms of section 33 of the Arbitration and Conciliation Act, 1996 was disposed of by the arbitrate tribunal/ arbitrator. Under section 32, a party can make an application

for correction or interpretation within thirty days of receipt of the arbitrate award.

35.49 If the award is found to be in order from all aspects, it need not and should not be challenged. Legal proprieties and prudence demand that such matters should be examined by Ministry of Law before the award is challenged. Therefore, all proposals for filing appeal against the arbitration awards, irrespective of the value of award should be referred to the Ministry of Law for final decision through the Ministry of Urban Development.

The following documents may be sent invariably with all awards:

1. Contract agreement in original.
2. Award of the Arbitrator.
3. Legal opinion of Govt. Counsel/Counsel CPWD/Local Legal Department of Ministry of Law where obtained.
4. A statement in the proforma is given below.

Proforma

Claim wise Statement of Arbitration Award for the Work.

1. Claim No.
2. Brief description of claim/counter claim as justified by the arbitrator.
3. Amount of claim.
4. Amount of award.
5. Recommendations (EE's).
6. Recommendations (SE's).
7. Recommendations (CE's).

Period of Limitation

35.50 It is a term of the CPWD contract in the relevant arbitration clause that if the contractor does/does not make any demand for arbitration in respect of any claim (s) in writing within 90 days of receiving of intimation from the Government that the bill is ready for payment, the claim of the contractor (s) will be deemed to have been waived and absolutely barred from the liabilities under the contract in respect of these claims.

In spite of above specific provision in the arbitration clause, the Chief Engineers should not withhold appointment of arbitrator on the ground that the request was received after the expiry of the specific period mentioned in the relevant arbitration clause of the agreement, but should appoint the arbitrator clarifying in the letter of appointment of the arbitrator that the reference is without prejudice to the defence that may be raised by the Government regarding the tenability of the claim on all necessary and available grounds including those of limitation and the parties to the agreement will be free to raise the question of limitation before the Arbitrator.

While examining the request for arbitration from a contractor or supplier or any claim in a litigation case, the Executive Engineer should examine whether

the claim of the contractor is time barred, in accordance with the provisions of the Limitation Act, 1908 or 1963 as the case may be. This point should be taken into consideration in preparing the defence.

35.51 The question as to whether any dispute had become time barred will itself be a dispute which can only be settled by Arbitration. The stage of reference is not concerned with the question whether the claim of the party to the arbitration agreement is barred by the Law of Limitation and that question falls within the province of the arbitrator to whom the dispute is referred. The reference of the disputes, even though seemingly time barred, would therefore be made to the arbitrator. The parties would be free to agitate the question of time bar before the arbitrator, who would no doubt consider this point and give his award. However, it can be clarified in the letter of appointment of the arbitrator that the reference is without prejudice to the Defence that may be raised by the Govt. regarding the tenability of the claim on all necessary and available grounds including those in limitation.

35.52 An appeal before the Division Bench is to be filed within thirty days of pronouncement of judgement by the High Court. If for any reason delay occurs, the Court has to be approached for condonation of delay in filing the appeal, and the Department has to explain the day to day delay, to the satisfaction of the Court. Every care should, therefore, be taken in handling such Arbitration/Court cases and it should be ensured that timely and prompt action is taken within the period of limitation.

Court Cases

35.53 Before any action is taken in a court of law against some party for amounts due to Govt. a reliable report of its financial standing should be obtained and simultaneously the expenditure likely to be incurred to recover this amount should be carefully estimated so that unnecessary expenditure on litigation may be avoided, where there is no reasonable chance of recovering the judgement debts from the party concerned.

35.54 Although it is the primary responsibility of the Departmental Counsel or Govt. Counsel at the particular station where the case has jurisdiction to see to the proper defence of the case, it is equally the responsibility of Superior Officer of the department to keep constant watch over the progress of these cases and see that all such cases, at every stage, are processed properly so that the cases do not go against the Government interests by default resulting in financial loss etc. to the Government.

35.55 The Superintending Engineer should, therefore, see that all such cases are reported to the Chief Engineer as soon as a suit against Government is threatened by any aggrieved party or the Department itself intends to file a suit against a contractor or third party. The first report from the Superintending Engineer about such cases should give a brief description of the case and the steps which are being taken or have been taken for the proper defence or prosecution of the suit. Thereafter, fortnightly reports on each such case should be sent to the Chief Engineer detailing the progress of the case and further action taken or to be taken for its defence or its successful prosecution.

35.56 To enable him to discharge properly the responsibility that has been placed upon him in the matter of defence of court cases, the Superintending Engineer should observe the following instructions:

(a) The Executive Engineers of the Division concerned will be primarily responsible for handling and defending the court cases. He will collect all the relevant records and compile it for the benefit of the Counsel.

(b) The Superintending Engineer should also give adequate and timely instructions to the Executive Engineer to ensure that case is defended properly and handled expeditiously.

(c) If it is considered necessary to obtain the advice of higher authorities at any stage, the Superintending Engineer should refer the matter immediately to the Chief Engineer concerned for advice, either personal or in writing, according to the needs of the occasion.

(d) In order that the Superintending Engineer keeps himself fully conversant with the progress of each case, he should obtain regular reports from the Executive Engineer about the progress of the case from time to time. He will send monthly reports to the Chief Engineer. All defence statements to be filed by the Executive Engineer should be approved by the Superintending Engineer and the Counsel before the statement is filed.

35.57 In all court cases, concerning this department which the EEs have to defend with the assistance of Government Advocates/Counsels, the EEs concerned should intimate the complete postal address and telephone numbers (both offices and residence) to the Advocates/Counsels, so that any information/developments relating to the case is intimated to them straight away without referring the matter through the Secretary of the Ministry or any other higher ranking Officer.

Judgement in Court Cases

35.58 The progress of the cases in the court should be watched by the Executive Engineer who is in charge of the cases as well as by the Office of the Chief Engineer concerned on the basis of the monthly reports. It shall be the responsibility of the Executive Engineer to send a report to the Chief Engineer direct within 48 hours after the court has delivered a judgement which is adverse to the Govt. with copies to the Superintending Engineer and the Ministry for information.

35.59 It shall also be his responsibility to apply for and furnish with the minimum delay a copy of the judgement and all other relevant papers, his own comments and the opinion of the counsel conducting the case on the advisability of filing an appeal/revision petition to enable the Govt. to come to a decision whether an appeal/revision should be filed or not. There should be no delay in communication between the Executive Engineer and the local counsel and personal contact by telephone etc. should be maintained with him.

35.60 On receipt of the relevant papers from the Executive Engineer, the Superintending Engineer should send his own comments to the Chief Engineer. The Chief Engineer should examine the matter on receipt of the Executive Engineer's report and should consider the advisability of the filing an appeal/revision petition in the light of the comments of the Superintending Engineer. Thereafter, the Chief Engineer should forward his proposals to the Ministry to enable them to seek the advice of the Ministry of Laws.

35.61 The proposal should be made well in advance of the last date of filing an appeal and it should be complete in every respect i.e. copy of the judgement (if

such copy has not been received, a verbatim report of the same) and all other relevant papers should accompany the proposal.

35.62 It is essential that there should be coordination between the different sections of the Directorate General of Works and Chief Engineer's Office in such matters, i.e. the section concerned should communicate to the other sections wherever any important decision of general interest is taken on a contractor's claim.

35.63 In all cases where the Officers of the Central PWD are required to give instructions to the Government pleaders in connection with court cases, they should give complete written instructions in regard to each case. The Executive Engineers and Superintending Engineers should also see that there is no avoidable delay in the issue of the instructions to the Government pleader. In any case the instructions must be communicated at least a day before the date of hearing.

Law Charges on Civil Suits

35.64 The costs and expenses incurred on civil suits in connection with the execution of Government works may be divided into three categories given below:

- (i) The amount of the claim for which a decree is given.
- (ii) The amount of incidental costs incurred by the executing department in connection with a work financed from its own departmental heads of expenditure e.g. when the PWD carried out a work chargeable to the Public Works Heads of Expenditure, and
- (iii) The amount of incidental costs incurred by the executing department in connection with a work financed from a different head of expenditure, for instance when the public works department executes a work the cost of which is debitable to the head of account other than the Public Works Expenditure e.g. Civil Aviation, Defence etc.

35.65 The decretal amount of the claim vide item (i) above should be debited in all cases to the works concerned and the charges referred to in item, (ii) above to the sub-head "Establishment Contingencies" of the executing department. As regards, (iii) the amount should generally be borne by the department on whose behalf the work is undertaken on the ground that the action of the executing department was as agent and taken in the interests of the work.

35.66 When, however, it is established that the law suit has been caused by a deliberate act of an employee of the agent department for his personal gain the charges should be adjusted by recovery from the individual concerned or by debit against the merits of each case. Such cases should be submitted to the Government of India for their orders.

General

35.67 In order to enable the Executive Engineers to put up proper defence of the case, it is necessary that as and when the EEs hand over charge of the Division/transferring arbitration cases/works, they should unless all the facts and arguments are already explained in the written counter statement of facts, prepare and place on record a self-contained note giving all the facts of the case and detailed comments of the claims.

35.68 In order to enable speedy disposal of cases, the Executive Engineers should not ask for adjournment to the extent possible.

35.69 The Executive Engineer should always maintain a separate file so far as the disputes that have cropped up on the work during the progress of the work. In case of his transfer or relinquishing charge due to any other reason, he should leave a self contained note on the file, at the time of his handing over charge, giving full background of all the disputes that have cropped up to the time of his incumbency, various developments thereon and the order passed with due reference to the connected files. This should form a necessary and essential feature of all the handing over notes. Suitable method and procedure should be devised in the Divisional EEs Office by which such files are carefully preserved and become available at a later stage to the Executive Engineer, who is required to defend the case.

35.70 The transferred EEs should make a comprehensive note about the pending claims of all the contractors for works in progress or completed in their time except those where counter statement of facts have already been prepared. The note should indicate the admissibility or otherwise of each claim and the orders of competent authority. The note alongwith attested true copies of important letters mentioned therein should be handed over to their successor/other division.

35.71 It should be made a rule in the Divisional Office that all drawings issued with the NIT and those subsequently followed for execution of works are properly preserved and kept along with the contract documents. It should be ensured by the Executive Engineer that suitable and adequate arrangements are made in his division regarding preservation of all important document, registers etc. Besides others, a list of all such records should be prepared and kept handy so that correct position of each case may be known to the Executive Engineer, who is required to conduct the case to enable him to do so on proper lines.

35.72 The arbitration cases should not be considered as legacy of old and defunct decisions handed over to subsequent Executive Engineers. These should, on the other hand be given due importance and dealt with on priority basis at all stages, till these are finally disposed of.

35.73 One of the important documents for defence in an arbitration case is the agreement. It is essential that a copy of the Superintending Engineer's orders conveying his decision on recovery of compensation and copies of sanctioned extra substituted and deviated items, details of abnormally high/low rated items and sanctions to extension of time etc. should be attached to the original agreement so that these are readily available during the hearings of the arbitration case. It would be better if these papers are got signed by the contractor as far as possible so that any claim on these issues can be refuted before the Arbitrator.

35.74 Before a dispute is put to arbitration, the department should know its exact position with regard to each item of the claims under dispute. It is very necessary that a very close and thorough study of the relevant documents is made and the case prepared accordingly.

35.75 Executive Engineer will send a quarterly statement (ending March, June, September and December) of pending arbitration cases in the proforma Annexure ... 3 on 7th April, 7th July, 7th October and 7th January every year to the Superintending Engineer, who should send a similar statement for the entire

circle to the concerned Chief Engineer on 15th April, 15th July, 15th October and 15th January every year. These reports should be reviewed by the Chief Engineers at periodical meetings with their Superintending Engineers/Executive Engineers to expedite the finalization of arbitration cases.

35.76 All correspondence between EE and his SE/CE regarding appointment of arbitrator or on award and subsequent court cases if any should be through D.O. letters and should be sent through special messengers in the same station.

Jurisdiction of Courts

35.77 The courts of the place from where the tender acceptance letter has been issued shall have the jurisdiction to decide any dispute arising out of or in respect of the contract.

Notice For Appointment of Arbitrator
(Refer Para 35.3)

To

The Chief Engineer,
..... (Zone)
.....

Dear Sir,

In terms of clause 25 of the agreement, particulars of which are given below, I/we hereby give notice to you to appoint an arbitrator for settlement of disputes mentioned below:

1. Name of applicant
2. Whether applicant is Individual/Prop. Firm/Partnership Firm/Ltd. Co.
3. Full address of the applicant
4. Name of the work and contract number in which arbitration sought
5. Name of the Division which EE entered into contract
6. Contracted amount in the work
7. Date of contract
8. Date of initiation of work
9. Stipulated date of completion of work
10. Actual date of completion of work (if completed)
11. Total number of claims made
12. Total amount claimed
13. Date of intimation of final bill (if work is completed)
14. Date of payment of final bill (if work is completed)
15. Amount of final bill (if work is completed)
16. Date of request made to SE for decision
17. Date of receipt of SE's decision
18. Date of appeal to you
19. Date of receipt of your decision.

Specimen signature of the applicant
(only the person/authority who
signed the contract should sign)

I/We certify that the information given above is true to the best of my/our knowledge. I/We enclose following documents.

1. Statement of claims with amount claims.
- 2.
- 3.
- 4.

Yours faithfully,

(Signature)

Copy in-duplicate to:

1. The Executive Engineer,
..... Division.

Annexure - 2

(Refer Para 35.38)

To

.....
.....

Sub: Award dated made by Sri Arbitrator in regard to the disputes arising out of agreement No. and referred to arbitration in arbitration case No.

Dear Sirs,

With reference to the award mentioned above, I am to say that the President of India has decided to accept the said award provided you accept the same as final and binding. Please intimate that you agree to accept payment of the sum awarded in full and final settlement of all your claims forming the subject matter of the reference to arbitration in the above case.

Yours faithfully,

*Executive Engineer
For & on behalf of the President of India.*

Annexure - 3

(Refer para 35.75)

Name of Division
Zone

Name of Circle

Name of

QUARTERLY STATEMENT SHOWING POSITION OF PENDING ARBITRATION CASES (NUMBERS ONLY), FOR THE QUARTER ENDING

PART I

	As at the ends of previous quarter	Added during the quarter	Cleared during the quarter	Total	Balance	
					Over 3 months	Over 6 months
	1	2	3	4	5	6

(A) Requests made appointments not made

(B) Appointments made, S.F. received but CSF not sent

(C) Award received but payment not made

PART II

DETAILS OF CASES PENDING WITH ARBITRATORS FOR MORE THAN 12 MONTHS

Case No.	Name of Arbitrator	Name of Work & Contractor	Appointed on	Remarks why pending

Chapter IV

SECTION 36

ACQUISITION OF STORES

Classification of Stores

36.1 The Stores of the Central PWD are divided into the following classes :

- (i) Stores or general stores;
- (ii) Tools and Plant;
- (iii) Road metal; and
- (iv) Material charged direct to works.

36.2 Tools and Plant of a Division are further divided into following kinds :

(a) General or ordinary tools and plant i.e. those required for the general use of the Division.

(b) Special tools and plant i.e. those required not for general use, but for a specific work.

36.3 The cost of the supply, repairs and carriage of articles of class (a) above is charged to the Minor Head "Tools and Plant" under the Major Head "2059 Public Works", where as similar charges of class (b) are borne by the work concerned. In both cases, cost is charged in the accounts against sanctioned estimates in the same way as expenditure on works, though for the purposes of sanction, it is treated as expenditure on Tools and Plant.

Reserved Stock/Stores

36.4 Ordinarily, the materials should be purchased only for the works in progress and no reserve stock should be kept except with the specific sanction of and to a monetary limit to be prescribed by the competent authority. Due consideration of the anticipated requirements of the stores according to the nature and quantum of work to be executed in each Division during a year should be taken and estimate prepared on the basis of these figures.

36.5 In order to facilitate control over the purchases of stores for works in the Division, particularly Maintenance divisions, all estimates for a year should be sanctioned well in advance of commencement of that year. A statement of materials required for the work in each Sub-Division should be attached to each estimate. To facilitate consolidation, the material should be grouped in a pre-determined order in each statement. Before the commencement of the year, requirements of materials of all work in a Sub-Division and the Division should be consolidated.

36.6 The manufacture or collection of materials involving an outlay of Rs. 50,000/- or upwards must, in all cases, be covered by an estimate showing proposed outlay and the material to be received.

36.7 If the material is required for a work duly sanctioned or for reserve stock within the sanctioned limit for the Division, the estimate will merely require the approval of the Superintending Engineer for purchase exceeding Rs. Two lac. In other cases it would require the administrative approval, expenditure sanction and technical sanction of the competent authority as though for an original work.

36.8 The ADG/Chief Engineer have full powers to sanction the limits of reserve stock for various Divisions under their control. This power does not vest in any lower authority.

36.9 When a reserve stock limit has been sanctioned, the Executive Engineer is authorised, subject to the approval of a proper estimate thereof to purchase or manufacture stock within the sanctioned limit. It should be ensured that the materials are purchased strictly in accordance with the requirements of the work and utilised to the best advantage of Government. The purchase or indenting in excess of the requirements should be avoided.

36.10 In case certain materials are rendered surplus to requirements as a result of certain deviations, alterations, substitutions or reduction in the quantity of items during the course of execution of work or where some materials become surplus on completion of work, because it was purchased as a precautionary measure for avoiding any possible delay in procurement or where some provisions have to be made for any other contingencies arising during execution of work or where the outlay has been prohibited for any considerable length of time, the EE should take action to transfer such materials to other works in progress where these are likely be used within a reasonable time, or bring such materials to the stock account as the case may be, provided that they are serviceable. Where the materials rendered surplus cannot be utilised in any of the manners indicated above the EE should take necessary steps to dispose of the materials by sale.

Road Metal

36.11 The stock of road metal is maintained mostly in the Divisions which are in the charge of maintenance of roads. Same requirements, as in case of stores, as referred to above, are to be fulfilled in respect of acquisition of stock of road metal.

Tools and Plant

36.12 Ordinary tools and plant required for the general use of the Division can be purchased or manufactured against sanctioned estimates with the exception of purchases or manufactures not exceeding Rs.10,000/- for which estimates are not required. The powers of Officers to sanction estimates for purchase, manufacture and repairs of Tools and Plant are, subject to the instructions hereunder, the same as their powers to sanction estimates technically under para 2.7. Before sanctioning the estimate for Tools and Plant it should be ensured that necessary budget allotment exists under the minor head "Tools and Plant".

36.13 Purchase of Motor Cars, Trucks, Jeeps and other plant and machinery will be regulated by special orders of the government.

36.14 Budget provision under the Head "Tools and Plant" should be restricted to ¾% of the anticipated works outlay of the Central PWD for one year.

Special Tools and Plants

36.15 Cost of special tools and plant needed for a specific work would be included in the estimate for the work concerned.

SECTION 37

PURCHASES OF STORES

Bulk Purchases

37.1 Materials required for construction and maintenance by the Central PWD Divisions in Delhi are generally stocked in the Central Stores Division I & II for all building stores. In Divisions located outside Delhi concerned Executive Engineers are required to take necessary steps for arranging procurement of stores direct in accordance with the procedures laid down in this Section.

Central Stores

37.2 In Delhi, the statements of annual requirements of Divisions are required to be scrutinized by the concerned Executive Engineer so as to earmark distinctly the items to be procured through the Central Stores Division and those to be procured direct. A copy of the statement showing the materials and quantities required to be procured through the Central Stores Division is sent to that Division by 1st of April, every year for arranging bulk purchase after consolidating requirements of all Divisions located in Delhi.

37.3 Some of the important building materials generally procured by the Central Stores Divisions are as under:

- (i) Cement
- (ii) Steel reinforcement bars
- (iii) C.I. Pipes
- (iv) G.I. Pipes
- (v) Sanitary wares and sanitary fittings
- (vi) Water supply fittings
- (vii) Door and window fittings
- (viii) Glassware & sheets,
- (ix) Rotomoulded polythelene tanks.

37.4 The Executive Engineer, Central Stores Division arranges the bulk purchases through the DGS&D/open market and then issues to the respective Divisions at Delhi against their requisitions.

37.5 Such items which are not meant to be procured through the Central Stores Divisions should be listed out separately and the Executive Engineer of the Division concerned should draw out a programme for placing orders for the same against the DGS&D rate contract. For materials which are not to be purchased through the DGS&D tenders/quotations should be invited after observing the procedure laid down for local purchase.

37.6 In places outside Delhi, the Executive Engineer concerned should himself take action as above for the stores required for the works in his Division.

37.7.1 The Policy of Govt. is to make purchase of stores for the public services in such a way as to encourage development of indigenous production of stores to the utmost possible extent and to make the country self sufficient in the matter of its own requirements.

In order to give effect to the above mentioned policy, provisions of Chapter 8 General Financial Rules should be followed.

37.7.2 The "Open Tender" system that is invitation to tender by public advertisement should be used as a general rule and must be adopted in all cases in which the estimated value or the demand is Rs.50,000/- and above. However, the "Limited Tender" system may be adopted instead of "Open tender" system even when the estimated value of the demand is not less than Rs.50,000/- in the circumstances noted below. In limited tendering system, press advertisement shall not be necessary.

(i) When sufficient reasons exist which indicate that it is not in public interest to call for tenders by advertisement. In every such case the reasons must be recorded by the procurement officer and communicated to the Accounts Officer Concerned, confidentially, if necessary.

(ii) When the Indenting Officer certifies that the demand is urgent and any additional expenditure involved by the elimination of open competition must be incurred in all such cases the Indenting Officer must place on record the nature of urgency and why the demand could not be anticipated.

(iii) When the sources of supply are definitely known and possibility of fresh source beyond those being tapped is remote, in all such cases approval of the competent authority to dispense with the advertisement should be taken.

37.8 As it is not business like to purchase stores in dribbles, periodical indents should be prepared and as many articles as possible be obtained by means of such indents. At the same time care should be taken not to purchase stores much in advance of actual requirements, if such purchases are likely to prove unprofitable to Government.

37.9 In order to ensure that the stores do not carry a large inventory and at the same time to avoid stock out position of essential category of items, the Executive Engineer, Central Stores Division should carry out a proper A-B-C analysis to determine the Safety stock limits of various items and the most appropriate frequency and quantity of ordering further supplies. He should keep a special watch on slow moving items to avoid their accumulation in the stores.

Purchase through DGS&D

37.10 The DGS&D is the Central Purchase Organisation of the Government of India and is required to purchase stores of various kinds on behalf of all offices of Govt. of India. All articles with the exception of those noted below are required to be purchased through the agency of the DGS&D.

(i) Food Stuffs and Forage.

(ii) Lethal stores.

(iii) Stationery stores (Other than paper of all kinds, whether in sheets, rolls, reels, or pads and cardboards, mill board, pulp boards, pasteboards and strawboards), and stores as detailed in the list appended to the Rules regulating the purchase of stationery stores for Public Service.

(iv) Mathematical instruments which under standing orders are to be obtained from the National Instruments Limited.

(v) Coal, coke, firewood and charcoal.

(vi) Straw.

(vii) Road metal, bricks, stone, marble, lime, sand, chalk, cement, steel, G.I. and C.I pipes and fittings, water supply fittings, sanitary wares and fittings, fans, electrical fittings, fixtures, wires and other building materials etc.

(viii) Furniture, country carts and boats and such hand carts as can be satisfactorily and economically obtained from local sources.

(ix) China glass, cutlery, plate, crockery and perishable fabrics, including linen for residences which are furnished by Government.

37.10.1 While taking a decision for purchasing items of compatible rates and quality from market or from DGS&D, reasons should be recorded.

Direct Demanding Officer

37.11.1 In Central PWD normally the Executive Engineer are authorised as Direct Demanding Officers by the DGS&D. The Executive Engineers should invariably take steps to get their names included as Direct Demanding Officer for which they should take up the matter wherever required through their Superintending Engineers. Items for which, a rate contract exists, order may be placed direct with the concerned firm provided the name of the indenting officer is included by the DGS&D in the list of Direct Demanding Officers. The list of such items is revised from time to time by the DGS&D and such items are indicated in the booklet issued by them every 6 months titled "List of stores on rate/running contracts".

37.11.2 A large number of Executive Engineers of CPWD have been declared as direct demanding officers for placing supply orders against item existing on the rate contracts of DGS&D. It has, however, come to the notice of this Directorate that supply orders are placed without verifying availability of funds or budget provision and in certain cases for quantities, far in excess of the immediate requirement.

37.11.3 It has also come to notice that while placing supply orders, all the columns are not filled, in the quantities are not mentioned in words, with the result that the quantities can be easily tampered with. A few cases of issue of fake supply orders have been pointed out by DGS&D.

Following instructions should be strictly adhered to while placing the supply order against DGS&D R/C items:

(i) All the columns of the supply order should be filled in and supply order signed and affixed with seal of the DDO.

(ii) The quantities, rates and amounts against each item should be given in figures as well as in words. Where the rates/charges such as incidental charges cannot be ascertained fully, the approximate rates and amount should be given both in figures and words.

(iii) All supply orders should be countersigned by Superintending Engineers, who would examine the requirements of all the items given in the supply order and would also ensure that the budget provisions exists.

(iv) If the amount of any supply order exceeds Rs.50,000/- this should be issued only after specific approval of the Chief Engineer concerned, who would ensure that the order placed is for immediate requirement and Chief Engineer controlling the budget should ensure budget provision. The fact that

the supply order has been approved by the Chief Engineer in regard to quantities as well as budget provision should be clearly stated in the body of the supply order.

(v) Any splitting of supply order to circumvent the above requirement under (iv), will be viewed seriously and should be brought to the notice of DG(W) by the Chief Engineer.

Centrally Operated Items

37.12 Critical items which are in short supply are directly dealt with by DGS&D for which indents irrespective of their value should be placed on the Headquarters officer of the DGS&D for necessary procurement. The list of such items is also revised from time to time by the DGS&D and such items are also indicated in the booklet issued by them every 6 months titled "list of stores on rate/running contracts".

Monetary Limits

37.13 Irrespective of their monetary value, indents for excepted articles mentioned in para 37.10 above are not to be placed on the DGS&D. The powers for purchase of such articles will be same as for acceptance of tenders for works.

Financial Sanction

37.14 The indenter should ensure that necessary financial sanction of the competent authority exists before the demand is placed on the DGS&D. No indents would be complied with unless it is accompanied by a certificate over the signatures of the indenter to the effect that :—

(a) The expenditure involved in the indent including the estimated cost of freight and the departmental charges (in the case of non Government and Deposit works), has received the sanction of the competent authority. (The indent will give an indication as to whether the stores indented for are required for bonafide use or for non Government and Deposit works).

(b) Funds are available to meet the expenditure under the proper head in the sanctioned budget allotment of the indenting Department/Office.

(c) A sanction shall not lapse if tenders have been accepted (in the case of local or direct purchase of stores) or the indent has been placed (in the case of Central Purchases) on the DGS & D within the period of one year of the date of issue of that sanction even if the actual payment in whole or in part has not been made during the said period.

The indenting Officer should, however, make provision for funds required in the budget of the next financial year depending upon the delivery period of the stores as per the Contract and subsequent amendment if any.

37.15 As an exception to the above provision, the DGS&D accepts indents from the Executive Engineers of the CPWD in emergent cases in anticipation of sanction. Indents for such works should be accompanied by a certificate in the following Form :

"I certify that sanction of the competent financial authority has been applied for the expenditure involved which is being incurred in anticipation of sanction under para 118 of CPWD Code.

37.16 Apart from the availability of funds, other columns of the indent/order forms should be carefully filled in, indicating clearly :

- (i) Head of Account to which the cost of the stores in question is debitable.
- (ii) Name of the Accounts Officer through whom the debit is to be passed.
- (iii) Detailed specification and standard of the stores required.
- (iv) Date on which the stores are required to be supplied.
- (v) Detailed consignment instructions, giving clearly postal and telegraphic address of the consignee and indenter.
- (vi) The manner in which the consignment is to be despatched viz. "Owner's Risk" or "Railway Risk", "Goods train" or "Passenger Train" or "QTS" (Quick Transport Service) where it operates.
- (vii) The rate and amount should be clearly mentioned specifying in clear terms if it is F.O.R./F.O.B./C.I.F. station of despatch/Destination/part of despatch/port of disembarkation.

37.17 The specifications of stores required should be carefully decided before placing indents on the Supplies & Disposals Directorate so that changes can be avoided after contract has been finalised as far as possible. Where Indian Standard Specifications are not available, specifications as consistent with the requirement of safety, security and end-use of the stores according to necessities of the structures and installations, may be decided having regard to technical limitations of the indigenous productions.

Cancellations and Change in the Indent

37.18 The Officers of the CPWD should carefully note the following procedure prescribed for observance by the Supplies and Disposals Directorate on receipt of reduction/cancellation of demands intimated to them by the Indentors :

- (i) The terms of a contract are binding on both the parties and a contract during its currency can be cancelled or modified only by mutual consent. The purchase Organisations will not therefore proceed to cancel a contract in whole or in part straightway on receipt of the indentors request.

On receipt of request for cancellation/reduction, each case will be examined by purchase Organisation immediately with reference to the terms and conditions of contract by the Purchase Officer within whose powers of purchase the contract falls and after obtaining legal opinion where necessary. If the legal opinion confirms that the purchaser is within his rights with reference to the terms and conditions of the contract to cancel the contract, as, for example where the delivery period has expired, action will be taken to give effect to cancellation/reductions straightway.

- (ii) Where, however, it is clear that the terms and conditions of the contract do not permit cancellation/reduction without the contractor's consent, the firms will be approached and persuaded to agree to cancellation/reduction without any financial repercussions. If the firm agrees, the formal amendment of cancellation will be issued by the Purchase Officer concerned making it clear that the reduction/cancellation is by mutual consent.

(iii) Where the firms do not agree to cancellation/reduction without financial repercussions, the contractor will be asked not to make further supply and not to incur further expenditure pending decision as to whether the contract should be terminated pursuant to the Termination of Contract Clause and what the quantum of compensation payable if, any should be. The indenter/consignee will also be advised of the position. Simultaneously arrangements will be made for independent inspection of the stores in an unfinished state of supply with a view to ascertain the correct position of the supply of stores contracted for and the reasonableness or otherwise of the compensation claimed by the contractor. After the Purchase Officer, in consultation with Associated Finance is satisfied that the amount of compensation claimed by the contractor is reasonable, the Indenting Officer will be addressed explaining the issue involved and the amount of compensation that may have to be paid to the contractor and asked whether he wants the contract to be cancelled and is prepared to bear the compensation; if the Indenting Officer still desires cancellation and is prepared to bear compensation, the cancellation/reduction will be affected by the purchase Organisation with the approval of the Head of the Organisation/Ministry.

(iv) In all cases involving financial repercussions, the Associated Finance will be consulted at every stage right upto the payment of compensation.

37.19 The Central Purchase Organisation can (within certain monetary limits) place contracts at price higher than those intimated in the indents without reference to the indenter.

37.20.1 Whenever the cost of stores indented for exceeds the prescribed limit the purchase organisation will obtain Indenter's concurrence for the extra expenditure involved before the actual placement of the order. The Indenting Officer should, when giving concurrence, certify the availability of funds as under :-

"I certify that the extra expenditure involved has received the sanction of the competent financial authority and that the funds are available under appropriate head in the sanctioned budget allotment of the indenting department for the year".

37.20.2 The Departments of the Central Government/Heads of Departments are empowered to authorise advance payments to (i) establishments and reputed firms with whom annual contracts for servicing of air conditioners, water coolers, typewriters, etc. are entered into and (ii) firms including Govt. run organisation like State Trading Corporation etc. for supply of stores (iii) Payment of court fees and fees of Arbitrations subject to the following conditions :

(i) Advance payments are made only in cases where it is considered absolutely necessary.

(ii) The advance payment is made on the basis of valid expenditure sanction issued with the concurrence of competent authority.

(iii) The amount of advance payment in one case should not exceed the following limits:—

(a) 90% of the total value of supplies or Rs. One lakh , whichever is less, to private firms.

(b) 90% of the total value of supplies or Rs. Ten lakhs, whichever is less, to a Public Sector Undertaking of State/Central Government agency. In special cases falling in this category, 100% advance payment of total value of supplies (subject to overall ceiling of Rs. Ten lakhs) may also be made, if considered absolutely necessary.

(c) In case of service contracts the amount of payment should not exceed the amount payable in one year under the contract.

(iv) Adequate safeguards are provided to ensure Government interests and the administrative authority concerned is fully satisfied on this account. If considered necessary the firm may be required to execute an agreement stipulating the terms and conditions under which advance payment is being made, particularly, where advance payment is proposed to be made without entering into a formal contract, Ministry of Law may be consulted while drawing the form of agreement.

(v) The firm should be well established and have reputation for fair dealing.

(vi) The Officer drawing the money for making advance payment to suppliers of stores shall be responsible for its adjustment for which purpose he will send the detailed bill to the Accounts Officer within a period of one month from the date of drawal of advance. If an advance cannot be adjusted within one month of the drawal of advance, a detailed report should be sent to the Administrative Ministry concerned.

(vii) A second advance shall not be drawn for making advance payment to a firm/supplier unless the earlier advance, if any, made to the same firm/supplier has been adjusted.

(viii) The amount of advance shall be drawn on a simple receipt and accounted for under the head to which the expenditure on supplies or services in question would be debited.

The advance payments in cases not covered under the above paragraph would be made with the prior approval of the Ministry of Finance (Department of Expenditure).

Delay in Supplies

37.21 In case supplies are delayed beyond the period stipulated by the indenter it would not be necessary for the Supplies & Disposals Directorate to have the availability of funds recertified from the indenter and so long the indent is not cancelled they shall assume that funds are being provided from time to time to cover the cost of stores. They will, however, keep the indenter informed of the prospects of supply from time to time to enable the indenter to carry forward the funds accordingly.

37.22.1 The public Accounts Committee had emphasised that the indenting departments should invariably ascertain the position in regard to supplies with in the year and estimate as accurately as possible the total expenditure against its appropriations. In case the supplies are not likely to mature during that year, immediate steps are to be taken by them to surrender the funds and the provision made in that behalf would be made in the next year's budget estimates or revised estimates.

37.22.2 The Estimates Committee of the Parliament (4th Lok Sabha) have suggested that the indentors should be impressed upon the imperative need for given the correct and detailed description of stores in the indents to avoid unnecessary correspondence resulting in delay in the supply of stores.

37.23 The Indenting Officers should not enter into direct correspondence with the suppliers or their agents in cases where the work of procurement is entrusted to the Central Purchase Organisation.

37.24 Rush of expenditure on the purchases of stores at the close of the year should be avoided. The indents on the supplies and Disposal Directorate should be placed by indenting authorities upto the 1st of February every year, as there is little likelihood of supplies materializing and payment being made within the financial year if the indents are placed after that date.

37.25 In the case of purchase of building materials in Divisions at Delhi, a certificate of non-availability of materials should be obtained in writing from the Executive Engineer, Central Stores Division concerned and even then it would be better that the Executive Engineer Central Stores Division purchases such materials instead of the indenting Divisional Officers resorting to purchase by themselves.

37.26 The Central PWD may place orders direct, for articles of furniture and fittings required for buildings in the charge of that department and for other special articles in respect of which the design and selection involves special architectural or technical knowledge.

Inspection of Stores ordered through DGS&D

37.27 In case of supplies ordered against DGS&D Rate contracts or indented through them inspection of the supplies received is to be made by the respective Inspection Wing of that Department. The Inspection wing certificates are furnished by the Supplier to the consignee who after having recorded the required certificates about receipt of the goods in good conditions, sends specific number of copies back to them and to the Controller/Dy. Controller of Accounts (Supply) as indicated by them.

Purchase of Cement & Steel

37.28 All Executive Engineers in Delhi are required to send their quarterly requirements of cement to the Central Stores Division, New Delhi one quarter in advance. In the case of Divisions located out side Delhi, the requirement is to be sent to their respective Central Stores or the Chief Engineer.

37.29 Those Divisions located in Delhi should draw their requirements from the Central Stores Division.

37.30 Open tenders/quotations will be called from the main producers as well as secondary producers having valid IS license, through Press Notice, for Destination. The tenders/quotations may be invited for small quantities in a continuous manner to maintain regular flow of steel to meet the requirement without storing large quantities.

Purchase of Plant and Machinery

37.31 When indenting for plant and machinery etc. the indenting departments should take a decision as to the quantity of spare to be purchased alongwith the main equipment and also to place an indent therefor on the purchasing

organisation. The Indenting Officer should also specify whether any of the following guarantees is required to be obtained from the supplier of the equipments.

(i) A guarantee from the supplier of the equipment that he will supply spare parts if and when required on an agreed basis for an agreed period. The agreed basis should be an agreed discount on the published catalogue prices.

(ii) A warranty to the effect that before going out of production for the spare parts, he will give adequate advance to the purchaser of the equipment so that the latter may order the balance of the life time requirements in one lot.

(iii) If possible a warranty to the effect that the supplier of the original equipment will make available the blue prints of drawings etc. of the spares if and when required in connection with the main equipment.

In the indent for spare parts reference to the number and date of the contract for the main equipment and any guarantee/warranty incorporated therein should be quoted by the indenting officers.

37.32 The indenting departments should endeavour to adopt Indian Standard Specifications wherever available and where such specifications are not available they should be consistent with the requirement of safety, security and end use of the stores, permit relaxation in indigenous production.

37.33 Machinery and equipment which is not indigenously manufactured or for manufacture of which certain parts are required to be imported from abroad, are arranged against specific quota of foreign exchange for the purpose from "Soft Currency" or "Hard Currency" countries.

Foreign Exchange

37.34 "Soft Currency" purchases are made against foreign exchange in rupee payments, whereas those in "Hard Currency" are made against foreign exchange. Requirements of foreign exchange are to be submitted to the Ministry of Finance through the Ministry of Urban Development every six months for the periods April-September and October-March, in the proformas as prescribed by the Ministry of Finance.

37.35 While framing the proposals for demand of foreign exchange, it should be examined by reference to "Hand Book of Indigenous Manufacture" issued by Technical Development Directorate whether the particular items required are indigenously manufactured or not. In case where the indigenous manufacture does not suit the requirements of the work/projects adequate reasons justifying the demand for foreign exchange should be furnished while placing the demand with the Ministry of Finance. The demands should be accompanied by an explanatory note on each items, indicating the purpose and know how of the machinery and equipment to be imported.

37.36 The Ministry of Finance allocates foreign exchange to the Ministry of U.D. which in turn allocates the same to particular projects in each zone of the Department. On receipt of the quota allotment of foreign exchange, an application in the prescribed form duly supported by the clearance given by the Technical Development Directorate should be submitted for obtaining necessary import license from the Chief Controller of Imports.

37.37 The period for which these licenses are required should be specifically mentioned in the applications so as to avoid making subsequent reference for

extending the validity. In doing, so, all factors relating to the placement of order through Supplies and Disposals Directorate, Foreign Supply Missions, date of shipment, the period for shipment to reach India and destination in the country should be taken into account.

37.38 To avoid any deficiencies in the specifications and consequent disputes with the suppliers at later stage, all documents, specifications and standards of the items required and other terms and conditions including operations, warranty and maintenance period, where necessary should be carefully examined and complete details furnished in all relevant correspondence in case of such imports.

SECTION 38

PAYMENT FOR THE SUPPLIES

38.1.1 All the stores received are verified and measurements and details thereof are to be recorded in the Measurement Book if the purchase is for specific work and in the Goods Receipt sheet if the purchase is for stock. Payments are to be made by the Executive Engineer on the basis of the entries recorded in the Measurement Book or Goods Receipt sheet as the case may be, according to the terms of the payment as finalised in the supply order. Photo copy of the measurement book should be attached with the bill.

Payments against Rate Contract Orders and Insurance Charges

38.2 In respect of the supplies received against the orders/indent placed against/through the DGS&D Rate Contracts, the payments are made on the basis of inspection certificates issued by the Inspection Wing of the Supply Department and Receipt Certificate recorded thereon by the consignees. After the payment is made to the Suppliers by the Controller/Dy. Controller of Accounts (Supply), the office sends the bills and the inspection notes (duly verified by the consignee) to the concerned P & A Officer of the consignee (Divisional Officer) who in turn issues cheques for the payment to the Controller/Dy. Controller of Accounts (Supply), prepares PAO adjustment memo for the payment so made and sends the same to the consignee concerned. The consignee adjusts the memo through transfer entry in the monthly accounts, crediting the amount to the remittance head and debiting to the work concerned.

Payment for Steel & Iron

38.3 For steel, advance payments shall be made only to main producers, i.e. TISCO, IISCO, RINL and SAIL. The Superintending Engineer shall have full powers for the same. Advance payment @ 100% inclusive of octroi, bending bundling charges is made for procurement of steel from the stockyard of the Steel Authority of India Limited or any other producers before the suppliers issue the necessary delivery order. Sales tax where payable will be paid extra. In case advance payment of more than 100% plus sales tax is demanded by the Suppliers, prior approval of the competent authority will be obtained before payment is made.

Payment of Cement

38.4 For DGS&D Rate Contract supplies, 98% payment is made on production of proof of despatch by railway i.e. railway receipt and balance 2% after receipt of the consignment in good condition by the Consignee. Payment without consignees receipt certificate is permissible if the latter is not received within two (2) months from the date of despatch. In case of local deliveries, 100% payment is made on production of consignees receipt certificate.

38.5 The consignee should watch the actual receipt of the Stores and report non-receipt or shortages or rejections to the paying authority without loss of time and in any case within 30 days of receipt of proof of despatch/arrival of stores at destination.

Advance Payments for Purchase of Stores

38.6 The Chief Engineers, Superintending Engineers and Executive Engineers are authorised to make advance payments upto 90% to the firms for supply of stores upto the limit of their respective powers of acceptance of tenders subject to the following terms and conditions :—

- (i) Advance payment shall be made only in cases where it is considered absolutely necessary.

- (ii) The amount of advance payment against contract shall be made on the basis of a valid expenditure sanction issued with the concurrence of the competent authority.
- (iii) The amount of advance payment against contract for supply of stores shall be restricted to 90% of the cost of stores and the payment be made only against the despatch documents. Pre-inspection of the stores ordered should be ensured before making advance payment.
- (iv) Where advance payment is made, transit insurance must be obtained from the supplier and the advance must be against Guarantee of equal amount from a Scheduled Bank.
- (v) The officers drawing the money for making advance payment to suppliers of stores shall be responsible for its adjustment within a period of one month from the date of the drawal of advance.
- (vi) The amount of advance shall be drawn on a simple receipt and debited to the suspense account "Contractors other Transactions/Advance payments", in the works abstract of stock or work concerned.
- (vii) The advance payment in cases not covered by the above conditions shall be made with the approval of DG(W).

SECTION 39

INSURANCE

General

39.1 The Govt. Property, both movable and immovable should not, normally, be insured. No subordinate authority, therefore, undertake any liability or incur any expenditure in connection with the insurance of such property without prior consent of the Ministry of Finance in the case of immovable property and DG(W) in the case of movable property.

39.2 In cases where it is decided to insure properties or goods under the direct or indirect control of the Central Government, the procedure as laid down by the Ministry of Finance from time to time should be followed.

39.3 The DG(W) has full powers in the case of insurance of movable property. The Chief Engineer is, however, empowered to incur expenditure on the insurance of materials and equipment received on loan or as aid from Foreign Governments or International or other Organisations if, according to terms of the contract or agreement, insurance of such materials or equipment is necessary. Materials purchased ex-factory should be necessarily insured.

Inland Transit Insurance

39.4 In cases of consignment of stores in general, despatch on F.O.R. station of despatch basis and in the case of fragile stores in particular, where the suppliers do not accept DGS&D's transit insurance clause and the stores cannot be booked by the Railway under a clear Railway receipt at Railway risk, and if the indenter/consignee wants the stores to be insured against loss or damage in transit, the supplier should be asked to do so sufficiently in advance under a registered letter under advice to the DGS&D who will make necessary provision in the contract by means of an amendment, if the acceptance of tender has already been issued.

39.5 Payment of extra charges on account of such insurance will be made by the concerned Controller/Dy. Controller of Accounts (Supply). If the indenter/consignee does not follow this procedure, he will make himself liable to bear the entire loss on account of the losses/breakages in transit. On the other hand, the Suppliers will be responsible for the entire loss on account of losses/breakages in transit, if any, if they fail to insure the stores notwithstanding the instructions received by them in this regard. Whenever occasion arises for making provisions for the payment of insurance charges in the relevant accepted tender, the supplies Directorate should stipulate for information of the Suppliers that claims for insurance charges should be shown as a separate item in their bills duly supported by the Insurance receipts and submitted to the concerned Controller/Dy. Controller of Accounts (Supply) for payment. In other cases, where the price quoted by the supplier includes the element of cost of transit, insurance, the DGS & D will place contracts containing necessary provision for insurance of the stores during transit.

39.6 In such cases FOR Station of despatch contract, where the suppliers have not accepted the DGS&D's standard clause of transit insurance, the consignee will be responsible to :—

(i) Lodge claims for loss or damage to stores in transit with the carrier Railways and directly pursue the claims with the carriers;

(ii) Inform the supplier Controller/Dy. Controller of Accounts/Insurance Company about the loss or damage;

(iii) To report the cases of dispute to the purchase Officer either pursuing the matter with the Railways/Higher authority or for suggesting write off; and

(iv) Write off the amounts that could not be recovered either from the supplier or the carrier Railway in accordance with the procedure laid down in the Departmental Regulations.

39.7 In the case of FOR Station of despatch and FOR destination contracts, where the suppliers accept the DGS&D's standard transit insurance clause, the consignee will merely file the claims with the carriers and report the fact to the suppliers. Thereafter it will be the responsibility of the suppliers to pursue the claims with the Railways and settle the matter.

39.8 The inland transit insurance, whenever required by the Indentors/consignees should invariably be arranged with a Nationalised Insurance Corporation/Company of India in preference to the Railways.

39.9 In case of loss or damage to stores in transit where the stores have been insured by the supplier against such risks, he will take up the matter with the insurer and recover the loss from them. The indentor will be responsible for payment of stores actually received by the consignee.

39.10 Where the suppliers arrange transit insurance, they should notify the consignee in writing when forwarding the despatch documents, such as, Inspection Notes, Railway Receipt etc. about the limit within which the claims for shortage/damages in transit should be filed to enable the consignee to do so within such period. It is the responsibility of the Indentor/consignee to prefer the claims within the specified period wherever suppliers notify them that transit insurance cover will be valid only upto a particular period failing which their claims are likely to be ignored.

Insurance if Imported Stores in Transit

39.11 The responsibility for arranging insurance of imported stores is that of the indentors who are expected to take out individual policy with a Nationalised Insurance Corporation of India. Details of the policy should be indicated by the indentors in their indents/contracts.