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TAMIL NADU WATER SUPPLY AND DRAINAGE BOARD



ABSTRACT

TWAD BOARD – TENDER FOR EXECUTION OF WORKS– FIXATION OF EMD – APPROVAL ACCORDED – ORDERS ISSUED

(Contract Management Wing)

B.P.Ms.No. 144

Dated : 06.07.2000

Read :

Board's Resolution No. 3.3 dated 01.07.2000

Order :

The Earnest Money Deposit in respect of tenders invited for execution of works in TWAD Board is invariably based on the procedures followed in the Public Works Department. Time and again, the quantum of EMD for works contract has undergone changes depending upon the decisions of the Government and as circumstances warranted.

In TWAD Board, the quantum of Earnest Money Deposit was fixed at 2 % of the value of the work, subject to a maximum of Rs. 1.00 lakh. By limiting the quantum of EMD to Rs. 1.00 lakh, it was felt that the tenders exceeding Rs. 50.00 lakhs were not covered by proper EMD and the defaulting tenderers in such cases of high value tenders had chances of escaping with limited liability. The matter was discussed by the Board at its meeting held on 24.03.1994 and the Board in its Resolution no. 2.10 dated 24.03.1994, had resolved to withdraw the ceiling of Rs. 1.00 lakh fixed on tenders in respect of tenders of TWAD Board and to collect EMD at 2 % of the value of the work put to tender with effect from 01.04.1994. The Board further resolved to retain the ceiling limit of Rs. 1.00 lakh on EMD in respect of tenders relating to purchase of materials. The orders of the Board were communicated in Board's proceedings Ms.No. 78 dated 31.03.1994.

Subsequently, the Board has switched over to inviting tenders on turnkey basis where the materials are to be supplied by the contractors/ firms. The value of the work put to tender on turnkey basis had increased considerably and were in the order of several crores of rupees. Resultantly, the EMD calculated at 1 % of the value of the work was also higher and hence the subject relating to revising the quantum of EMD was discussed by the Technical Committee of TWAD at its meeting held on 18.08.1998. The Technical Committee decided to recommend to the Board to fix the EMD at 1 % of the value of the works put to tender subject to a maximum of Rs. 10.00 lakhs.

The matter was placed before the Board at its meeting held on 28.08.1998. The Board, after careful consideration, resolved in its Resolution No. 3.1 dated 28.09.1998, that the EMD may be collected in the approved form at the rate of 1 % of the value of the work or Rs. 10 lakhs whichever is lesser. The Board further resolved that the Security Deposit can be obtained in the form of unconditional, irrevocable Bank Guarantee. Further, the Board resolved that the instructions may be issued in this regard after obtaining the approval of the Government. The Board also resolved that in respect of tenders already called for, conditions as stipulated and published already may be followed without any deviation.

As resolved by the Board, the Government was addressed seeking approval of the decision of the Board with regard to revision of EMD as also for obtaining Bank Guarantee towards Security Deposit. The Government in Lr.No. 42224/ WS 4/ 98-3/ dated 03.04.2000, have stated that the Government have not issued any general instructions for prescribing on accepting the EMD from the contractors. The Government have further stated that the CMWSS Board has hitherto following the orders issued in G.O.No. 372, Finance dated 24.05.1988 and the transparency in tender Act and Rules will equally applicable to the Boards also. The Government have directed to follow the systems as followed in CMWSS Board in this matter.

The matter was placed before the Board at its meeting held on 01.07.2000. The Board, after careful consideration, resolved in its Resolution No. 3.3 dated 01.07.2000, to adopt the quantum of EMD as prescribed in G.O.Ms.No. 372, Finance (Salaries) Department dated 24.05.1988 as also adopted in the CMWSS Board in respect of tender for works as under :

For works upto Rs. 20.00 lakhs	1 % of the estimate value of works
For works costing more than 20 lakhs	Rs. 20,000/- plus ½ % of amount by which the estimate value of works exceeds Rs. 20.00 lakhs

The Board also resolved that the EMD should be in the form of DD/ Pay Order drawn on a Nationalised Bank in favour of the Executive Engineer concerned (or) NSC/ Fixed Deposit Receipt pledged in favour of the Executive Engineer concerned.

Accordingly, the Board directs that the quantum of EMD be adopted as prescribed in G.O.Ms.No. 372, Finance (Salaries) Department dated 24.05.1988 and as also adopted in the CMWSS Board in respect of tender for works as under :

For works upto Rs. 20.00 lakhs	1 % of the estimate value of works
For works costing more than Rs. 20 lakhs	Rs. 20,000/- plus 1/2 % of amount by which the estimate value of works exceeds Rs. 20.00 lakhs

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The Board further directs that the EMD should be in the form of DD/ Pay Order drawn on a Nationalised Bank in favour of the Executive Engineer concerned (or) NSC/ Fixed Deposit Receipt pledged in favour of the Executive Engineer concerned.


/ By order of the Board /

A.M. Kasiviswanathan
Managing Director, TWAD Board

To

- The Engineering Director, TWAD Board, Chepauk, Chennai – 600 005
- Copy to the Finance Director, TWAD Board, Chepauk, Chennai – 600 005
- Copy to the all Chief Engineers of TWAD Board
- Copy to all Superintending Engineers of TWAD Board
- Copy to all Executive Engineers of TWAD Board
- Copy to the Chief Accounts Officer, TWAD Board, Chepauk, Chennai – 600 005
- Copy to the Chief Audit Officer, TWAD Board, Chepauk, Chennai – 600 005
- Copy to the Joint Chief Engineer (CM), TWAD Board, Chepauk, Chennai – 600 005
- Copy to the RAO, TWAD Board, Chepauk, Chennai – 600 005
- Copy to the Board Cell
- Spare

/ forwarded by order /


Joint Chief Engineer (CM)
TWAD Board, Chennai – 5

Handwritten note:
7.7.2000