

GOVERNMENT OF KERALA

Abstract

Finance Department – Revision of tender fee , Earnest Money Deposit, Performance Guarantee etc – modified orders issued

FINANCE (INDUSTRIES & PUBLIC WORKS - B) DEPARTMENT

G.O.(P) No. 429/15/Fin Dated, Thiruvananthapuram, 28.09.2015

Read:- 1. G.O(P) No.3/2015/Fin dated 5.1.2015
2. G.O(P) No.295/15/Fin dated 15.7.2015

ORDER

Government issued orders revising/clarifying the rates of tender fee, Earnest Money Deposit, Performance Security Deposit etc vide orders read above. It has now come to the notice of Government that certain points mentioned in the above Government Orders require further clarity to avoid ambiguity while execution of public works. Government are therefore pleased to issue the following modifications on the orders issued in Government Orders read above.

1. Tender fee :-

In order to enhance competition in execution of public works, the cost of tender fee has been rationalized as follows.

Cost of Work	Tender fee
i) Upto Rs. 50,000	i) Rs.300
ii) Above Rs.50,000 - upto Rs.10 Lakh	ii) 0.2% of cost of work (subject to a minimum of Rs.500 and maximum of Rs.2000)
iii) Above Rs.10 Lakh - upto Rs.1 crore	iii) Rs.2500

iv) Above Rs.1 crore-upto Rs.2Crore	iv) Rs.5000
v) Above Rs.2 crore -- upto Rs.5 crore	iv) Rs.7500
vi) Above Rs.5 crore -upto Rs.10 crore	v) Rs.10,000
vii) Above Rs.10 crore	vi) Rs.15000

2. Earnest Money Deposit (EMD)

Earnest Money Deposit (EMD) is collected to ensure serious participation in the bidding process and this amount will be returned soon after finalising the lowest bidder. Taking into consideration of the fact that fixing higher amount will reduce competition the rates of EMD has been revised as follows.

Cost of Work	Amount of EMD
i) up to Rs.2 crore	i) 2.5% of the project cost, subject to a maximum of Rs 50,000
ii) Above Rs 2 Crore up to Rs 5 Crore	ii) Rs.1 lakh
iii) Above Rs.5 Crore upto Rs.10 Crore	iii) Rs.2 lakh
iv) Above Rs.10 Crore	iv) Rs.5 lakh

3. Government have gone through the CPWD system where Performance Guarantee and Security Deposits are collected in different modes and at different time intervals. The definitions adopted in old and revised PWD manual are also creating some confusions in the following terminologies. Government therefore clarify the position as follows.

i) Performance Guarantee :

Performance Guarantee , the amount collected at the time of executing contract agreement , will be 5% of the contract value (agreed PAC) and the

deposit will be retained till the expiry of Defect Liability Period. At least fifty percent(50%) of this deposit shall be collected in the form of Treasury Fixed Deposit and the rest in the form of Bank Guarantee or any other forms prescribed in the revised PWD Manual.

ii) Additional Performance Guarantee

Additional Performance Guarantee is the additional amount to be deposited for unbalanced price i.e., for works quoted below estimate rate. The collection of additional deposits is a disincentive to the bidder who offers to execute a work below estimated rate and this will induce the contractor to quote a rate equal to or higher than estimated rate. Government therefore decided to do away with additional performance guarantee for all works quoted below upto 10% of the estimate rate. Additional performance guarantee will be required if works quoted between 11% to 25% below estimate rate.

iii) Performance Security Deposit:

Security Deposit is the retention amount deducted from the running bill of the contractors in addition to the performance guarantee. This will be @2.5% of the gross amount of each running bill so that the amount so retained shall be 2.5% of the value of the work done till then. This can be released against Bank Guarantee on its accumulation to a minimum amount of Rs.5 lakh subject to the condition that the amount of Bank Guarantee except last one shall not be less than Rs.5 lakhs. This amount will be released after passing of final bill as in the case of refund of deposit.

4. These instructions will be applicable to all engineering Departments and supercedes the Government orders read above.

5. The revised rates will be applicable to all tenders floated after the date of issue of this order. However cases already settled will not be reopened.


By Order of the Governor
DR. K. M. ABRAHAM

Additional Chief Secretary (Finance)

To

The Accountant General (A&E) Kerala, Thiruvananthapuram
~~The Accountant General (G&SSA) Kerala, Thiruvananthapuram~~
~~The Accountant General (E&RSA) Kerala, Thiruvananthapuram~~
All Heads of Departments and Offices
All Departments of Secretariat
All Private Secretaries to Ministers
Private Secretary to Chief Minister
Private Secretary to the Leader of Opposition
All Secretaries to Government
The Secretary, Kerala Public Service Commission,
Thiruvananthapuram (with C/L)
The Registrar, University of Kerala/Cochin/Kozhikode/Kottayam
(with C/L)
The Registrar, High Court of Kerala
The Secretary, Kerala Human Rights Commission,
Thiruvananthapuram
The Managing Director, Kerala State Transport Corporation,
Thiruvananthapuram (with C/L)
The Secretary, Kerala State Electricity Board,
Thiruvananthapuram (with C/L)
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