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Mahanadi Coalfields Limited

(A Subsidiary of Coal India Limited)

Vigilance Department

Jagriti Vihar, Burla, Dist. Sambalpur-768020 (Orissa)

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Ref.No.:MCL/SBP/Vig/CIR/2004/ 470

Date: 26/03/2004

To

All CGM/GM of the Areas.

Subject: Letter of Intent.

Dear Sir,

While scrutinizing various contracts it is observed that even in small works, Letter of Intent (LOI) is issued as a general practice asking the contractor to commence the work and the work order containing terms & conditions etc. is issued much later after major portion of the work is executed. This in effect means that the contractor executes the work without knowing the terms & conditions and other details of the contract. This is against the spirit of Letter of Intent (LOI). The LOI is a formal intimation to the party that its offer has been accepted and the Management intent to award the work to the party, so that the party can deposit security money, execute the Agreement depending upon the nature of contract and make necessary preparations for taking up the work within the date prescribed. In view of the above it is advised that issuance of LOI should be resorted to only in cases where relevant manual provides for it and in emergency situations where commencement of work cannot wait for issuance of work order.

Yours faithfully,

P.K. Dash

(P.K. Dash)

Chief Vigilance Officer.Copy for information to:

- 1) D(T)/D(F)/D(P), MCL, Sambalpur.

*H. send copy to
all Area CGMs/GM
27/3/04*