



महानदी कोलफील्ड्स लिमिटेड
MAHANADI COALFIELDS LIMITED

(A Subsidiary of Coal India Ltd.)

Civil Department

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

Phone: (0663) 2542779(O)

PBX: 2542461-2542470, Fax No.: (0663) 2542180

Ref. No. : MCL/SBP/CIVIL/[Circular/2009-14] 317

Dated : 23.05.2009

CIRCULAR

A general delay in payment of the contractor's legitimate dues is being reported to this office time and again. The grievances are mainly in respect of the following :

- (i) Refund of EMD to unsuccessful bidders
- (ii) Refund of deposit against ALR items
- (iii) Refund of Security Deposit (5% Performance Security + 5% Retention Money)
- (iv) Approval of Final Extension of Time and Revised Estimate
- (v) Approval of Provisional Extension of Time

In order to expedite the payment of contractor's legitimate dues, the following guidelines in compliance with the Civil Engineering Manual have been formulated for uniform adoption by all Areas and HQ. of MCL :

1. Refund of EMD to unsuccessful bidders :

The relevant clause of Civil Engineering Manual reads as under:

Quote

Clause No.4.06.3

The Earnest Money/Bid Security of the unsuccessful bidder shall become refundable. The unsuccessful bidder for this purpose means the bidders who have not qualified for opening of Part-II (Price Bid) and those who have not emerged as L-1 Tenderer after opening of Price- Bid. Earnest money should be refunded without waiting for any application or request from unsuccessful bidders.

Unquote

The following modality shall be followed for refund of EMD to unsuccessful bidders :

- i. The bidders who do not qualify in Technical Bid (Part-I) and their Price-bid (Part-II) are not to be opened, their EMD shall be processed for refund within seven days after receipt of approval of Part-I TCR.
- ii. After opening of Price-bid, EMD of all the bidders except L-1 bidder(s), will be processed for refund within seven days of opening of Price-bid.
- iii. For refund of EMD, no separate approval of competent authority is required. This also does not require any application or request from the bidder.

2. Refund of deposit against ALR items :

The relevant clause of Civil Engineering Manual reads as under:

B. M. M.

Quote
Clause 2.4

The amount so retained will be refunded on successful completion of individual ALR items of work.

Unquote

The following modality shall be followed for refund of deposit against ALR item :

- i. The deposit against ALR items shall be refunded to the contractor based on the certification by Engineer-in-Charge in the Measurement Book (MB) regarding successful completion of individual ALR item (with maximum allowable variation in quantity of -5% for items of work above plinth level and -25% for items of work below plinth level). For refund of deposit against ALR items, no separate approval of competent authority is required, as this is an in-built clause of the contract. This also does not require any application or request from the contractor.
- ii. If the security against ALR items has been deposited in the form of Demand Draft, then this will be released in the next monthly R/A bill payable to the contractor, but in no case it should be delayed by more than thirty days after completion of individual ALR item.
- iii. If the security against ALR items has been deposited in the form of BG/FDR/Govt. Securities, then this will be processed for release before payment of next monthly R/A bill, but in no case it should be delayed by more than thirty days after completion of individual ALR item.
- iv. In case there is no successful completion of any ALR item, the proposal for the release/forefeiture of deposit against that individual ALR item shall be processed in the Revised Estimate for approval of competent authority.

3. Refund of Security Deposit (SD) :

The relevant clause of Civil Engineering Manual reads as under:

Quote
Clause 4.2.2

5% Performance Security should be refunded within 14 days of the issue of defect liability certificate (taking over certificate with a list of defects). Retention Money should be refunded after issue of No Defect Certificate. Retention Money should be deducted at 5% from running bills.

Clause 4.5

On completion of the entire work and issue of defect liability certificate (taking over certificate with a list of defects) by the Engineer-in-charge, one half of the security deposit remaining with the company shall be refunded. The other half shall be refunded to the contractor after issue of No Defect Certificate by the Engineer-in-charge on the expiry of Defect Liability Period of six months, subject to the following conditions:

- (a) Any defect/defects in the work, if detected after issue of defect liability certificate is/are rectified to the satisfaction of the Engineer-in-Charge within the said period.
- (b) In the case of building work or other work of similar nature, the refund shall be made on the expiry of the said six months period or at the end of one full monsoon period i.e. June to September, whichever is later in point of time and any defects such as leakages in roof, effloresces in walls, dampness, defects in drainage etc. should be rectified to the satisfaction of Engineer-in-Charge.

Clause 13.1

There will be no defect liability period for works like Grass Cutting, Jungle Cutting, Surface Dressing & any other work of similar nature to be decided by the Engineer-in-charge.

Unquote

B.M.M.

The following modality shall be followed for refund of Security Deposit (SD) :

a. Refund of Performance Security :

- i. The defect liability certificate (taking over certificate with a list of defects) shall be issued within thirty days from the date of physical completion of work if there is no defect or the defects are of minor nature.

In case the defects are of a major nature, the same should be intimated to the contractor within thirty days from the date of physical completion of work and the defect liability certificate (taking over certificate with a list of defects) shall be issued within fourteen days after rectification of the same.

- ii. If the work is completed within the scheduled period of contract, 5% Performance Security shall be processed for refund within fourteen days of the issue of defect liability certificate (taking over certificate with a list of defects), provided 5% Retention Money shall be sufficient to cover the cost of rectification.
- iii. If the work is completed beyond the scheduled period of contract, 5% Performance Security shall be processed for refund within fourteen days of approval of final extension of time or issue of defects liability certificate (taking over certificate with a list of defects) whichever is later, after deduction of compensation, if any, provided 5% Retention Money shall be sufficient to cover the cost of rectification.

b. Refund of Retention Money :

- i. The No Defect certificate shall be recorded in the Measurement Book(MB) within fourteen days from the date of expiry of defects liability period if there is no defect or the defects are rectified within the defect liability period.

In case, there are un-rectified defects on the end date of defect liability period, the same should be recorded in the Measurement Book(MB) within fourteen days from the date of expiry of defects liability period and the No defect certificate should be recorded in MB within fourteen days after rectification of the same.

- ii. If the work is completed within the scheduled period of contract, 5% Retention Money shall be processed for refund within fourteen days of issue of No Defect certificate in MB after expiry of defects liability period, subject to submission of all relevant documents by the contractor, required for finalization of the contract.
- iii. If the work is completed beyond the scheduled period of contract, 5% Retention Money shall be processed for refund within fourteen days of approval of final extension of time or issue of No Defect certificate in MB whichever is later, after deduction of compensation, if any, subject to submission of all relevant documents by the contractor, required for finalization of the contract.

- c. For refund of Security Deposit (Performance Security + Retention Money), no separate approval of competent authority is required, as this is an in-built clause of the contract. This also does not require any application or request from the contractor.

- d. In case of works like Grass cutting, jungle cleaning, surface dressing, water supply to villages through tanker, spraying of water through tanker on roads for dust suppression, garbage cleaning, drain cleaning, upkeep of township, offices & other service buildings, maintenance of lawn & garden, cleaning of water tanks and other labour intensive works like operation and maintenance of pumps, valves, pipelines etc. and day to day maintenance of plumbing & sanitary works, there will be no Defects Liability period. In such cases, if the work is completed within the scheduled period of contract,

B.M.H.

the total Security Deposit (5% Performance Security + 5% Retention Money) shall be processed for refund within thirty days of completion of work, otherwise it will be processed for refund within 14 days of approval of final extension of time, after deduction of compensation, if any.

4. Approval of Final Extension of Time and Revised Estimate :

The relevant clause of Civil Engineering Manual reads as under:

Quote

Clause 6.05

The RE and final bill shall be submitted within 3 (three) months of completion of work.

Unquote

The following modality shall be followed for processing of final extension of time & R.E. :

- i. The final extension of time and RE should be processed for approval as soon as possible after completion of work, but in no case later than three months after completion of work.
- ii. The practice of processing of Revised Estimate after approval of final time extension shall be stopped henceforth. The final extension of time and Revised Estimate shall be processed under single proposal in one note sheet.
- iii. For payment of final escalation, no separate approval of competent authority is required, as this is an in-built clause of the contract. This only needs auditing and financial concurrence of AFM. The escalation shall be processed for auditing and financial concurrence of AFM within thirty days of approval of final extension of time.
- iv. Normally contractor has to apply for final extension of time showing reasons for delay in completion of work to justify the extension. However, even if the contractor fails to submit the application within thirty days, the final extension of time shall be processed by EIC within the aforesaid time limit based on his own assessment.

5. Approval of Provisional Extension of Time :

Quote

Clause 5.10.1

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.

Unquote

The following modality shall be followed for approval of provisional extension of time :

- i. If any work is required to be continued beyond the scheduled contract period, the provisional extension of time shall be processed for approval at least 15-30 days before the scheduled date of completion and approval must be communicated to the contractor before expiry of the scheduled contract period.
- ii. Normally contractor has to apply for provisional extension of time showing reasons for delay in completion of work to justify the extension. However, even if the contractor does not submit the application but the work is required to be continued in the interest of department, in such cases provisional extension of time shall be processed within the aforesaid time limit. However, this extension will be valid provided the contractor

BMM


accepts the same either expressly or implied by his actions before and subsequent to the date of completion.

- iii. The competent authority for approval of provisional extension of time reserving right to impose penalty is Area CGM/GMs, even in case of works awarded from headquarter level, as per Sl.No. D.12 of the DOP. Thus such proposals are not required to be sent to HQ. Provisional extension of time does not require financial concurrence.

The above guidelines are to be strictly complied for all civil engineering works in Areas and HQ. and this will come into force with immediate effect.

B.M. 23/5/09

(D.C. Mishra)

 Chief General Manager (Civil)

Distribution :

1. All Area CGM/GMs
2. CGM(F)/GM(Finance), MCL-HQ.
3. Chief Engineer (Civil), MCL-HQ.
4. All Area Staff Officers (Civil)
5. All Area Finance Managers
6. Dy.CE(Civil)-I,II,III, MCL-HQ.
7. AFM, MCL-HQ.
8. All S.E.(Civil), MCL-HQ.

Copy for kind information :

1. CMD, MCL
2. Director(Finance), MCL
3. Director (Tech/P&P), MCL
4. Director (Tech/Operation), MCL
5. Director (Personnel), MCL
6. CVO, MCL