

By Hand

**No. EE (V)-11/Misc./2019/Systematic improvement for Bank Guarantee
Government of India**



**Office of JS & CVO
Vigilance Unit, CPWD
Nirman Bhawan, New Delhi-110011**

Date: - 03.03.2020

To

The Chief Engineer (CSQ)
CPWD, Nirman Bhawan
New Delhi-110011.

**Sub: - Proper management/handing of Bank Guarantees in respect of existing
Agreement/Contract – Reg (Systematic Improvement No.07/2020).**

Ref:- MoHUA letter No.1/8/D-IV/2018/VS.II dated 28.02.2020.

Sir,

Please find enclosed herewith the copy of the referred letter in the subject matter. It is requested to take necessary action as per above letter under intimation to this office.

This issues with the approval of SE(V)-I, CPWD.

Yours faithfully,

ENCL:- As above

/
(Arun Kumar Goel)
Executive Engineer (V)-11,
Vigilance Unit, CPWD,
Room No.132, A-Wing,
Nirman Bhawan, New Delhi

Copy to:-

1. AE, Computer Cell, Vigilance Unit, CPWD, Nirman Bhawan, New Delhi-110011 to upload the circular under systematic improvement.

03/03/2020
Executive Engineer (V)-11,

O/c Chief Vigilance Officer
CPWD, New Delhi
Diary No. 751
Date 02-03-2020



File No. 1/8/D-IV/2018/VS.II (Computer No. 9035104)
Government of India
Ministry of Housing & Urban Affairs
[A. V. UNIT]
Nirman Bhawan, New Delhi – 110108

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महानिदेशक, अ.व.नि.वि.
निर्माण भवन, नई दिल्ली-11
e-Officer No. 150211
Date 02/03/20

Dated: 28th February, 2020.

Subject: Proper management/handling of Bank Guarantees in respect of existing Agreement/Contract – regarding.

During analysis of one vigilance case, it has been observed that timely decisive action has not been initiated for renewal/revalidation of BGs, by the concerned Engineer-in-charge, before their date of expiry of said BGs according to clause 1(iii) (a) of General Conditions of Contract.

2. Further following points also emerged after scrutiny of BGs and communications made with the issuing bank and contractor, which needs a review and corrective action for systematic improvement by CPWD:

(i) Letters written by the concerned Engineer-in-charge to issuing bank and contractor do not bear any date by which the request for extension to be complied else action for encashment will be initiated. Instead of an open ended letter, there should be a definite date mentioned for compliance.

(ii) Even in some case, first letter for extension was issued before expiry of BGs but subsequent reminders were issued after lapse of around five to six months. Follow up system needs to be devised by CPWD.

(iii) It is stated in clause 8 of BG that "unless a claim in writing is lodged with us with in six months of the date of expiry of this guarantee or the extended date of expiry of this guarantee all our liabilities under this guarantee shall stand discharged" after this it is also stated that "notwithstanding what is stated above, our liability is restricted to Rs 25,00,000.00 and we shall be absolved from the liability, if a claim is not filed under this guarantee with in 26 Jun 2008".

Above clause has contradictory statements and needs corrective action by CPWD.

3. It is requested that necessary corrective measures may be initiated to put in place a proper system and mechanism to ensure smooth handling and management of Bank Guarantees in respect of the existing agreements/contracts and to prevent recurrence of lapses in the matter.

4. This has the approval of the Competent Authority.

To,

CVO, CPWD,
Nirman Bhawan, New Delhi.

for urgent action

(K.B. Tripathi)
Under Secretary to the Govt. of India

24/3/2020

CYB
ADG (Tech)


PUNEET KUMAR WATS
DG, CPWD

15/03/2020
3/3/2020

uncovered letter
28/2/2020

Copy to:

1. DG, CPWD, Nirman Bhawan, New Delhi.


(K.B. Tripathi)

Under Secretary to the Government of India.