



CENTRAL PUBLIC WORKS DEPARTMENT

OFFICE MEMORANDUM

No.DGW/MAN/164

ISSUED BY AUTHORITY OF DIRECTOR GENERAL OF WORKS

NIRMAN BHAWAN, NEW DELHI

DATED: 06.11.2008

Subject: Modification of provisions of contained in CPWD Works Manual-2007, regarding Earnest money and Security deposit.

Keeping in view the verdict of Hon'ble Delhi High Court it has been decided to modify the condition of depositing earnest money along with the application for tender of work with immediate effect. This earnest money will be accepted now, at the time of submission of the tender document. In addition to this amendment to Para 20.2 (1) of CPWD Works Manual-2007, is hereby made in respect of recovery of security deposit, as some field units have a doubt as to whether earnest money should be adjusted first while deducting security deposit or it should be adjusted in the end. In order to dispel this doubt, Para 20.2 (1) stands amended as mentioned below. Accordingly, following amendments are made to different paras of CPWD Works Manual-2007;

Ref to Para	Existing provision	Modified provision
18.2	When to be deposited The earnest money is to be deposited by the intending tenderers in one of the acceptable forms as specified in para 18.4 alongwith their applications for issue of tender documents for a work, and it shall be so stipulated in the NIT (Form 6).	When to be deposited The earnest money is to be deposited by the intending tenderers in one of the acceptable forms as specified in para 18.4 alongwith their tender documents for a work, and it shall be so stipulated in the NIT (Form 6).
18.4	Mode of Deposit (1) The earnest money may by a scheduled bank. (2) It should be ensured that application for issue of tender. (3) If the banks are closed on the last date of receipt of application for tenders, the date shall be postponed suitably. (4) When it is required that the earnest money should be deposited in the Treasury/accredited Bank direct by the contractor, the Divisional Officer/Sub-Divisional officer should prepare Challan (Form TR 6/GAR 7 in-duplicate). The	Mode of Deposit (1) No change (2) No Change (3) If the banks are closed on the last date of receipt of tenders, the date shall be postponed suitably. (4) When it is required that the earnest money should be deposited in the Treasury/accredited Bank direct by the contractor, the Divisional Officer/Sub-Divisional officer should prepare Challan

	<p>classification should be correctly noted in the column “Head of Account”. The earnest money for individual works shall be classified under the Head “Revenue Deposits”. The Challan in-duplicate shall then be handed over to the contractor who should pay the amount into the treasury or the Bank on behalf of the Divisional Officer/Sub-Divisional Officer. The receipted challan shall be sent by the contractor along with the application for issue of tender.</p>	<p>(Form TR 6/GAR 7 in-duplicate). The classification should be correctly noted in the column “Head of Account”. The earnest money for individual works shall be classified under the Head “Revenue Deposits”. The Challan in-duplicate shall then be handed over to the contractor who should pay the amount into the treasury or the Bank on behalf of the Divisional Officer/Sub-Divisional Officer. The receipted challan shall be sent by the contractor along with the tender.</p>
18.5	<p>Refund of earnest money</p> <p>(1) The earnest money given by all the tenderers except the lowest tenderer should be refunded immediately after the opening of the tenders, or latest within a week from the date of receipt of tenders. Entry of Demand Draft/Bankers’s cheque received as earnest money with the applications for issue of tenders may be kept in the Tender Opening Register, and these need not be deposited in the bank except for the lowest tenderer.</p>	<p>Refund of earnest money</p> <p>(1) The earnest money given by all the tenderers except the lowest tenderer should be refunded immediately after the opening of the tenders, or latest within a week from the date of receipt of tenders. Entry of Demand Draft/Bankers’s cheque received as earnest money with the tenders may be kept in the Tender Opening Register, and these need not be deposited in the bank except for the lowest tenderer.</p>
18.8 (2)	<p>Forfeiture of earnest money</p> <p>(2) If the contractor fails to furnish the prescribed performance guarantee within the prescribed period, the earnest money is absolutely forfeited to the President.</p>	<p>Forfeiture of earnest money</p> <p>(2) If contractor fails to furnish the prescribed performance guarantee within the prescribed period, the earnest money is absolutely forfeited to the President automatically without any notice.</p>
Appendix 19	<p>(Last Para)</p> <p>Earnest Money should be deposited alongwith the applications seeking issue of tender documents in cash (upto Rs. 10,000/-) Receipt Treasury challan/deposit at call receipt of a scheduled bank/fixed deposit receipt of a scheduled bank/Demand Draft of a scheduled bank issued in favour of A part of earnest money</p>	<p>(Last Para)</p> <p>Earnest Money should be deposited alongwith the tender documents in cash (upto Rs. 10,000/-) Receipt Treasury challan/deposit at call receipt of a scheduled bank/fixed deposit receipt of a scheduled bank/Demand Draft of a scheduled bank issued in favour of</p>

<p>Para 20.2 (1)</p>	<p>is acceptable in the form of bank guarantee also. In such case, 50% of earnest money or Rs. 20 lakh, whichever is less, will have to be deposited in shape prescribed above, and balance in shape of Bank Guarantee.</p> <p>Security Deposit The security deposit shall be collected by deductions from the running bill of the contractors at the rate mentioned below, and the earnest money that is deposited at the time of tender, shall be treated as part of the security deposit. The security deposit can also be deposited in cash or in the form of Government Securities, Fixed Deposit Receipts etc.</p>	<p>..... A part of earnest money is acceptable in the form of bank guarantee also. In such case, 50% of earnest money or Rs. 20 lakh, whichever is less, will have to be deposited in shape prescribed above, and balance in shape of Bank Guarantee.</p> <p>Security Deposit The security deposit shall be collected by deductions from the running bill of the contractors at the rate mentioned below, and the earnest money that is deposited at the time of tender, shall be treated as part of the security deposit. The security deposit can also be deposited in cash or in the form of Government Securities, Fixed Deposit Receipts etc. Earnest money shall be adjusted first in the security deposit and further recovery of security deposit shall commence only when the upto date amount of security deposit starts exceeding the earnest money.</p>
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Superintending Engineer (C&M)

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