

**Government of India
Directorate General of Works
Central Public Works Department
C.S.Q. Organisation
Contracts & Manual Unit**

No. DGW/CON/108

Nirman Bhawan, New Delhi.
Dated the 26-6-97

OFFICE MEMORANDUM

Subject:- Provision for forfeiture of earnest money in NIQs.

It has been observed that varying conditions are laid down in Notice Inviting Quotations for different works/supplies. In some NIQs a condition for depositing earnest money is also incorporated. In such NIQs, more often than not, the NIQ does not contain any condition regarding forfeiture of earnest money in case of failure of the contractor either in compliance of the conditions or commencing the work etc. with the result that the department is unable to take any action against the contractor in such exigencies. Therefore, **in all future NIQs where a condition is laid down to deposit earnest money**, the following provision should be made for its forfeiture.

"The quotation for the work/supply shall remain open for a period of _____ days from the date of opening of quotations. The Government shall, without prejudice to any other right or remedy, be at liberty to forfeit 50% of the earnest money if any quotationer withdraws his quotation before the said period or makes any modification in the terms and conditions of the tender which are not acceptable to the department, and to forfeit the whole of the earnest money if the quotationer, whose quotation is accepted, fails to commence the work/supply specified in the NIQ (along with changes in the scope, if any) in prescribed time or abandons the work/supply before its completion."



(P. K. Mathur)
Superintending Engineer (C&M)

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