

HIMACHAL PRADESH  
PUBLIC WORKS DEPARTMENT  
No. PW-CTR/32-20- Gen. Instruction /2011- 21194-21284 Dated: 28/11/2012.  
From

Engineer in Chief,

To  
All Chief Engineers,  
In HPPWD.  
Superintending Engineers  
In HPPWD.

Subject: -

#### Finalization of bills of Contractors.

Clause-9 of the e-tendering document PW-8 clearly provides for finalization of bill of the contractor within 3 months (6 months for contracts exceeding Rs. 15 lacs) from the date of completion.

There are instances which have come to our notice wherein the final bills have not been prepared/security not released for years and the courts/arbitrators have awarded hefty interest on the payment due. In some cases the amount of interest is even more than the amount of other claims preferred by the contractors.

In one such case the govt. has taken a serious note of such acts and directed to fix the responsibility for not finalizing the bill in time and also as why not the interest liability be recovered from the concerned officers/ officials.

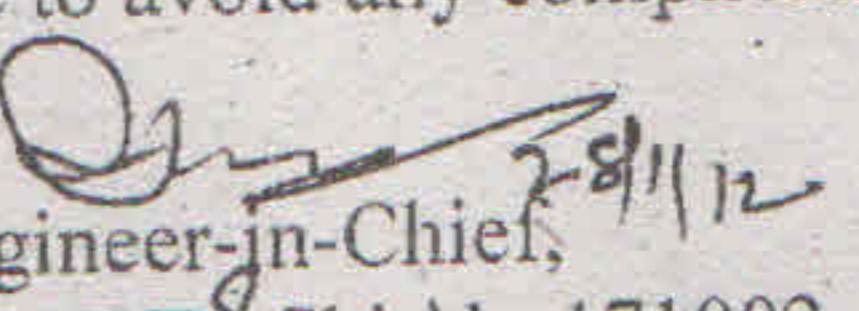
In this regard it is further clarified that the department should finalize the bill on the basis of quantity /rates acceptable to the department so that the contractor if aggrieved may approach the court/arbitrator for the disputed part only. This will reduce the contractor's claims vis-a-vis the interest liability. If just/reasonable payment of the contractor is released in time this would certainly discourage the contractor to seek litigation / arbitration.

It is further added that in most of the case the delay in finalization of the bills is non-approval of deviation and time extension. The approval of deviation is not attributable to the contractor. It is the duty of the

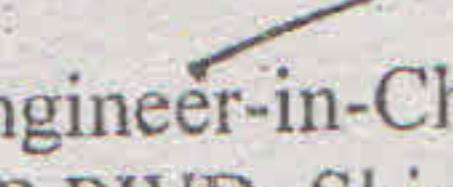
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Executive Engineer to get the rates of extra/substitute item approved during the execution of work. Any items varying more than (+) 5 % must also be got approved by the Executive Engineer from the competent authority in the shape of financial implication immediately when necessity of such deviation/variation comes to his notice during execution of the work so that there is no dispute left when the work is complete. Similarly for time extension the same has to be applied by the contractor and granted by the competent authority on merit. If the contractor does not apply for the extension and continues with the work, then there are two options, either invoke clause-2 and decide the further course; otherwise grant unilateral time extension with the condition that no price escalation shall be payable.

The above guideline be brought to the notice of all concerned and it may be ensured that bill are finalized in time to avoid any complications.

  
28/11/12  
Engineer-in-Chief,  
HP.PWD, Shimla-171002.

Copy to all the Executive Engineers in HP.PWD for information and necessary action.

  
Engineer-in-Chief,  
HP.PWD, Shimla-171002.