



## **ABSTRACT**

Rural Development and Panchayat Raj Department - Registration of Contractors for work contract in Rural Development and Panchayat Raj Department - Guidelines - Approved - Orders - Issued.

### **RURAL DEVELOPMENT AND PANCHAYAT RAJ (SGS-2) DEPT.**

G.O(Ms).No. 109

Dated : 27-06-2024

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Read :

From the Director of Rural Development and Panchayat Raj  
Letter No.52734/2023/R&B II.2, dated 15.09.2023 and  
26.6.2024.

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### **ORDER:-**

In the letter read above, the Director of Rural Development and Panchayat Raj has stated the Rural Development and Panchayat Raj Department is implementing various Central and State Government sponsored schemes. In addition, the Village Panchayats and Block Panchayats have their own source of income to maintain various public amenities. The creation and maintenance of the public infrastructure is mainly done through contract.

2. The Director of Rural Development and Panchayat Raj has stated that the Government have notified the Village Panchayats, Block Panchayats and District Rural Development Agency are the tender inviting authorities. Thus, these entities invite and accept tenders for numerous development works in a financial year. The value of these works ranges from Rs.1.00 lakh to Rs.10 -15 Crore. The number of works tendered in a financial year is around 3 lakhs. Despite such a huge volume of works being handled, there are no clear guidelines for the registration of contractor in Rural Development and Panchayat Raj Department like Highways, Public Works Department etc. This has led to very heterogeneous methodologies of handling registration. In few cases there is complete absence of registration of contractors.

3. Hence, to bring a system of discipline and to streamline the process of contractor registration, a detailed guidelines has been drafted for registration of contractors in Rural Development and Panchayat Raj

Department. The draft guidelines spell out the eligibility criteria, classification of contractor, registration authorities, area of operation, action endorsed on erring contractor etc. These guidelines will enable efficient contract management and provide clarity of process.

4. The Director of Rural Development and Panchayat Raj has submitted a draft guidelines for approval and also to issue orders on the following :-

(i) To approve the draft guidelines for the registration of contractors for the Rural Development and Panchayat Raj Department.

(ii) To provide flexibility to the tender inviting authority to limit bidding to contractors registered with Rural Development and Panchayat Raj Department or to allow contractors registered with other department as required based on the nature of works tendered.

(iii) To empower the Principal Secretary to Government, Rural Development and Panchayat Raj Department to modify the guidelines in consultation with the Director of Rural Development and Panchayat Raj.

5. The Government carefully examined the proposal of the Director of Rural Development and Panchayat Raj in detail with connected records and decided to accept the proposal of the Director of Rural Development and Panchayat Raj and (i) to approve the Guidelines for Registration of contractors for work contract in Rural Development and Panchayat Raj Department annexed to this order (ii) to provide flexibility to the tender inviting authority to limit bidding to contractors registered with Rural Development and Panchayat Raj Department or to allow contractors registered with other department as required based on the nature of works tendered and (iii) To empower the Principal Secretary to Government, Rural Development and Panchayat Raj Department to modify the guidelines in consultation with the Director of Rural Development and Panchayat Raj and orders accordingly.

**(BY ORDER OF THE GOVERNOR)**

**P.SENTHILKUMAR  
PRINCIPAL SECRETARY TO GOVERNMENT**

To  
The Director of Rural Development  
and Panchayat Raj, Chennai-15.  
All District Collectors. (Except Chennai)  
All Project Directors/ Superintending Engineer,  
District Rural Development Agency.  
(through the Director of Rural Development and  
Panchayat Raj, Chennai-15)

The Accountant General, Chennai- 9/18.

**Copy to:**

The Special Personal Assistant to Hon'ble Minister (Rural Development),  
Chennai-9.

The Finance (Infra-4) Department, Chennai-9.

The Private Secretary to Principal Secretary to Government,  
Rural Development and Panchayat Raj Department, Chennai-9.

Stock file/Spare Copy.

**//Forwarded by order//**

*P. D. Laufer*  
**SECTION OFFICER** 1/2

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## **ANNEXURE**

**(G.O.(Ms) No.109,Rural Development and Panchayat Raj (SGS.2)  
Department, Dated 27-06-2024)**

### **Guidelines for Registration of Contractors for Work Contract**

The Guidelines given underneath supersede all previous Guidelines, Instructions and Government Orders issued with regard to the registration of contractors in the Rural Development and Panchayat Raj (RD&PR) Department. These shall apply only to the **work contract** executed by the notified procuring entities in the RD&PR department by the Government.

#### **1. Procuring entities**

The following are the notified procuring entities of the Rural Development and Panchayat Raj Department,

- i. Executive Authority (EA)Village Panchayat (VP)
- ii. Block Development Officer(BP) and Block Development Officer (VP)
- iii. Project Director (PD), District Rural Development Agency (DRDA).

#### **2. Contractors**

A Contractor for work may be an individual, partnership firm, company registered under the Companies Act, Registered Society, or any other body set up under the statute of Government, with a separate legal identity and capable of entering into a contract as per The Indian Contracts Act, 1872.

#### **3. Registering Authority**

- i. The registration of contractors should be done at Block Panchayat and DRDA. Contractors can register at two levels based on the area of operation in which the contractors concerned would like to bid for tenders.
- ii. Contractors registered at the DRDA are eligible to bid for tenders invited by PD, DRDA, BDO (BP)/BDO (VP) of all the Blocks in the district and by the Executive Authority of any Village Panchayat in the District.
- iii. Contractors registered at the Block level are eligible to bid for tenders invited by BDO (BP)/BDO (VP) of the Block and by the Executive Authority, of any Village Panchayat in the Block.
- iv. At the block level, there shall be a common registration of contractors for both BDO(BP) and BDO(VP). No separate registration is required at the Village Panchayat.



- v. If a contractor intends to bid for tenders in more than one District, they shall register separately in each of the districts concerned. There will be no common State level registration.
- vi. If the Contractor intends to bid for tenders invited in more than one Block (in the same district), he should separately register in each of those Blocks or can register at the District level.
- vii. The registering authority will be as given in the table below,

**Table-1**

Sl. No.	Class of Contractor	Registering Authority
1.	Class V	BDO(BP)
2.	Class IA, I II, III, IV and V	Project Director, DRDA

#### **4. Classification of contractors**

There shall be 6 classes of contractors. The monetary limit for bidding for each class will be based on the value of Solvency Certificates produced by them (Solvency Certificates are to be obtained from the relevant revenue authorities) and the experience/performance of the applicant.

**Table-2**  
**Classification of Contractors**

Sl. No.	Class of Contractors	Value of Work	Solvency Amount
1	Class IA	Above Rs.25 crore	Rs.2.50 crore
2	Class I	Above Rs.10 crore and upto Rs.25 crore	Rs.1.50 crore
3	Class II	Above Rs.5 crore and upto Rs.10 crore	Rs.75 Lakhs
4	Class III	Above Rs.2 crore and upto Rs.5 crore	Rs.30 Lakhs
5	Class IV	Above Rs.50 Lakh and upto Rs.2 crore	Rs.10 Lakhs
6	Class V	Upto Rs.50 Lakhs	15% of the Registration Value*

*\*Illustration:*

*If a prospective contractor wishes to register for an amount of Rs.10 Lakhs, then he/she/it shall furnish solvency for an amount of Rs.1.50 lakhs (0.15\*Rs.10 lakhs).*

*The tender Inviting Authority, at its discretion, may include a condition in the tender document allowing contractors registered with other departments to bid for works of value more than the 50 lakhs. However, the successful contractor shall register with the procuring entity before entering into agreement.*

*For SHG/PLF, Unemployed engineering graduates there will be exemption from production of solvency. However, the maximum cost of work permitted for them will be restricted to Rs.5 lakhs and cumulatively not more than Rs.10 lakhs at any point of time. However, they have*

to participate in the bidding process like others.

## **5. Area of operation of contractors**

- i. The contractors registered at the Block level are eligible to bid for tenders invited by the respective BDO(BP)/BDO(VP) and all Village Panchayats in the Block and for the works within the Block tendered by PD, DRDA.
- ii. The Contractors registered at the district level are eligible to bid for tenders invited by the respective PD, DRDA, and by all the BDO(BP)/BDO(VP) & Village Panchayats in the District.

### **Illustrations**

*Illustration 1: If PD, DRDA, Karur District invites tenders for any works in any block within Karur District under any scheme for which the Government by order has indicated PD, DRDA as Tender Inviting Authority then all Contractors registered at District level at DRDA, Karur or registered at concerned block as per the eligible monetary limit, are eligible to participate.*

*Illustration 2: If BDO (Block Panchayat or Village Panchayat) of Virudhachalam invites tenders for the construction of a road then all eligible contractors registered at the Block level in Virudhachalam Block and also at the DRDA, Cuddalore will be eligible to bid for tenders for construction of the road.*

*Illustration 3: If a tender is invited by Panchayat President of Magaral Village Panchayat in Kancheepuram Block of Kancheepuram district, then all Contractors registered at District level at DRDA, Kancheepuram, all the contractors registered in the Kancheepuram Block will be eligible to bid for tenders.*

## **6. Registration Process**

- The application forms can be submitted through e-sevai centers.
- The filled-in application along with other documents can be submitted to the concerned authority through online.
- The process of verification of documents and approval/rejection shall be completed within 15 days of receipt of the application for registration.
- In case of any conflict of decision, then the matter shall be referred to the appellate authority.

## 7. Registration Fee

7.1 Registration fee is to be paid by the following categories of applicants to the registering authority.

- i. New Applicants.
- ii. Contractors registered in Government Department/Agencies other than RD&PR Department and now intending to register in RD & PR Department.
- iii. Contractors already registered in RD&PR Department in Village/Block level who wish to be registered in another Block/District.
- iv. Contractors who have already registered in RD&PR Department applying for Promotion to a higher class.
- v. Contractors who have failed to renew their registration for more than 2 years after expiry of validity. In case if the lapsed period is less than 2 years the contractor should pay 50% of the registration fee.
- vi. Blacklisted contractors intending to re-register after the expiry of the ban period.

7.2 The registration fee for various classes of contractors in Block level and District level would be as follows:

**Table-3**

Sl. No.	Class of Contractors	Registration Fee District operation/ Multiple blocks	Operation in single Block/Village Panchayat
1	Class IA, I and II	Rs.50,000	Rs.20,000
2	Class III and IV	Rs.30,000	Rs.15,000
3	Class V (District Level)	Rs.20,000	Rs.10,000
4	Class V (Block Level)	Rs.10,000	Rs.3,000

7.3 The registration fee shall be exempted for the following categories of applicants,

- i. Scheduled Castes and Schedule Tribes(*Individual, Partnership firm and Private limited company provided partners, board of directors shall be from Scheduled castes/Scheduled Tribes*).
- ii. Scheduled Castes and Schedule Tribes (Inter-caste married couple)
- iii. Self-Help Groups /PLF
- iv. Unemployed Civil Engineering Graduates/Diploma Civil Engineers  
(Completed within the last 5 years of request for registration)

**Note: In the case of Self-Help Groups /PLF and Unemployed Graduate/Diploma Civil Engineers, there shall be an exemption from both production of Solvency**

***Certificate and registration fee. But they shall be eligible for works of value upto Rs.5 lakhs and the cumulative value of works awarded to them shall not be more than Rs.10 lakhs at any point of time.***

***The SHG/PLF shall be approved by TNCDW are only eligible and in case of Unemployed Civil Engineers, they shall produce a certificate to that effect from the period of offer, District Employment Officer to that effect. This shall be produced every 6 months to keep the registration live. The concession to unemployed engineers will be for one time and for a period of 3 years.***

## **8. Validity period of registration**

The new registration or applicants for promotion of class may submit their registration applications at any time of the year through e-sevai. The registration would be valid for a period of 3 years. The registration of the contractors shall automatically be suspended based provisions in para 15.

## **9. Registration of new contractors and fixation of class**

9.1 New contractors without experience in any Government Department/Government Agencies shall be registered only in Class V, irrespective of the value of their solvency. The amount for which the new contractors are registered shall be decided by the concerned registering authority.

9.2 The contractors desiring to register should produce the following documents along with the application and pay the prescribed registration fee:

- i. Self-attested photocopy of the Solvency Certificate in applicants name for the value prescribed in Table 2.
- ii. Self-attested photocopy of the 'Nil' Encumbrance certificate (issued within 30 days from the date of application) in respect of the property for which Solvency Certificate is issued.
- iii. Latest Income Tax return filed with the Income Tax Department.
- iv. Self-attested copies of GST and a copy of PAN card.
- v. An affidavit to the effect that the applicant is not currently under blacklist by any Government Department/Agency within or outside the state.

## **10. Provisions for existing registered contractors in RD & PR Department and fixation as per revised class**

10.1 All contractors who are already registered in RD&PR Department at Block/District whose registration is 'live' shall re-register with the concerned procuring entity or as desired as per the conditions issued herewith under para 10.5 below.



10.2 Those contractors who are already registered at Block level/ District level in RD & PR Department and whose registration had expired, within the last 2 years - from the date of issue of this order - (Due to non-renewal only) can renew their registration as in the case of new registration. They shall be registered at the respective Block/District Level subject to the conditions mentioned in para 10.5 and para 15. The Contractors registered at the Village Level shall apply afresh for registration at the Block/District level as desired. There shall be no registration of contractors at the Village Panchayat Level henceforth.

10.3 The applicants at the time of registration should pay the required registration fee/renewal fee as applicable in online mode through e-sevai portal.

10.4 A contractor registered with a particular procuring entity shall re-register with the respective entity (with the respective block for contractors registered at the Village Panchayat) or shall apply afresh if he/she/it is willing to expand his/her/it's area of operation.

10.5 The existing contractors of RD & PR Department will have to renew/register within 90 days of the issue of this order or expiry of their validity whichever is earlier, to keep their registration alive and to have their class fixed/re-fixed as per these guidelines:

- i. Self-attested photocopy of the Solvency certificate in applicants own name for the value prescribed in Table 2.
- ii. Self-attested photocopy of latest 'Nil' Encumbrance Certificate (issued within 30 days from the date of application) in respect of the property on which Solvency Certificate is issued.
- iii. Self-attested copy of the existing registration certificate of the RD&PR department.
- iv. Pay the registration fees as per Table 3 in case they wish to expand their operation or seek promotion to higher class in the revised system of registration.
- v. An affidavit to the effect that the applicant is not currently under blacklist by any Government Department/Agency within or outside the state.

10.6 For such existing contractors, who do not submit the self-attested photocopy of the Solvency Certificate for the value as prescribed in Table 2 and the latest 'Nil' Encumbrance Certificate along with the original Solvency Certificate for verification within 90 days of issue of this order, their registration will be suspended and on expiry of their existing registration, they will be removed from the register of contractors.

10.7 After the receipt of the documents as specified in para 9.2, the registering authority shall fix the class of the contractor, under the revised system, depending on the solvency value as specified in Table 2.

10.8 Existing contractors registered with one procuring entity desiring to register with another procuring entity within the same district or in different district at any point of time, will be treated as a new applicant in this regard and will have to apply through e-sevai portal and will have to pay registration fee as prescribed in Table 3 to the registering authority concerned.

### **11. Registration of contractors already registered with other Government Department/Agencies**

Contractors already registered with PWD, WRD, Highways, TWAD Board and other Government Department/Agencies who apply for registration in RD&PR Department, will be registered in the same class subject to production of documents as specified in Para 9.2 and will have to apply in the prescribed form and pay the prescribed registration fee. In addition to the above, he/she/it shall produce Self-attested copy of the existing registration certificate of the department where he/she/it is currently registered. Further, affidavit stating that he/she/it is not under blacklist or ban in any other department.

### **12. Promotion of contractors to the next higher class**

12.1 A contractor shall remain in a class for a minimum period of 24 months before being eligible for promotion to the next higher class. The promotion to the next higher class shall solely depend on the performance of the contractor in the lower class and also subject to satisfying requirements in Table 2.

12.2 Promotion to the next higher class would be considered by the registering authority at any point of time in a year on the application by the eligible contractor provided the required solvency as per Table 2 is produced and the minimum time in the lower class as specified in para 12.1 is satisfied.

12.3 In addition to the above, the contractor should have satisfactorily completed works in the RD&PR department or any other department whose cumulative value in the 2 year shall not be less than the highest value in the class for which the promotion is sought.

*Illustration: A contractor in class IV will eligible for promotion to class III provided if he/she had completed 24 months in the lower class, not subjected to action under para 14 and has the required solvency and further has satisfactorily completed works in the RD&PR department or other department in the lower class, i.e. class IV, whose cumulative value of contract in 2 years is not less than Rs.5 crore.*

12.4 The registration fee applicable to the class to be promoted would have to be paid by the contractor in full at the time of application for promotion to the next higher class.

### **13. Renewal fee**

There would be a nominal fee of Rs.500 for renewal of registration of contractors. However, the contractors who have failed to apply for renewal of their registration before the expiry of the validity of registration shall pay a penalty of 50% of registration fee in addition to the renewal fee.

### **14. Conditions for renewal of registration**

14.1 For renewal of registration, the contractors shall have to satisfy the following conditions,

- i. He should have submitted a valid bid for at least one tender in the preceding 12 months in the area of operation where the renewal is sought.
- ii. An affidavit to the effect that the applicant is not currently under blacklist by any Government Department/Agency within or outside the state.
- iii. Self-attested photocopy of the Latest Solvency Certificate in applicants own name for the value prescribed in Table 2
- iv. Self-attested photocopy of the 'Nil' Encumbrance Certificate (issued within 30 days prior to the date of application) in respect of the property on which Solvency Certificate is issued.
- v. He should produce the latest Income Tax return filed with Income Tax Department.
- vi. He should also produce self-attested copies of GST registration and PAN Card.

14.2 In case of non-production of any of the above-mentioned documents at least 15 days before the expiry of his registration, the registration of the contractor would be suspended, and the contractor concerned would not be eligible to bid for any tenders till the registration is renewed. For renewal beyond this date, a penalty of 50% of registration fee would have to be paid along with the payment of renewal fees and submission of the above-said documents.

### **15. Blacklisting/Banning of contractors**

15.1 The registered contractor may be blacklisted/banned by the registering

authority either Suo moto or based on the report of any RD &PR department official(s), after issuance of show-cause notice providing a time of 30 days for submitting his/her/it's reply. If the registering authority is reasonably convinced of one or more of the following violations on part of the contractor, then blacklisting or banning shall be resorted.

### **Banning**

- i. The contractor submits abnormally high or abnormally low bids on more than one occasion, in a span of one year, without reasonable justification resulting in the delay in the tender process.
- ii. The contractor who repeatedly (at least 2 or more times in a financial year) fails to submit the required Earnest Money Deposit (EMD) at the time of submission of bids.
- iii. The contractor fails to enter into an agreement/remit the required Security Deposit/Additional Security Deposit after issue of Letter of Acceptance (LoA) or delays by a period of more than 15 days specified in the tender document after issue of LoA.
- iv. Withdrawal of bids after submission (Withdrawal is not permitted as per Rule 20A Tamil Nadu Transparency in Tenders Rules, 2000 (TNTTR)).

### **Blacklisting**

- i. The contractor continuously delays the progress of work awarded as per the milestones furnished in the work order/agreement.
- ii. The Contractor fails to rectify defects despite written direction of the technical authority concerned or executes poor quality of work.
- iii. The contractor misappropriates/diverts any material supplied by the Department for the execution of the work.
- iv. The contractor persistently violates important conditions of the tender contract which can be termed as breach of contract.
- v. The contractor is guilty of malpractice such as bribery, corruption, collusion with other bidders, cartelization and other practices against the spirit of competitive bidding.
- vi. The contractor or his partner has been convicted by a Court of Law for offences involving moral turpitude in relation to the business dealings or where security considerations including suspected disloyalty to the State warrant.
- vii. The contractor furnishes false self-Certification/false particulars/fake documents/certificate with an objective to mislead and cheat the procuring entity.



15.2 The ban of contractors shall be short term and shall be applicable to only the works tendered by the concerned procuring entity who has resorted to the action. The registration of contractor is not revoked and only his participation in tenders invited by the concerned procuring entity is restricted during the ban period. The ban period shall be from a minimum upto 3 years. After completion of the ban period the contractor becomes eligible to participate in tenders invited by the concerned procuring entity. The banning of contractor does not restrict the contractor from participating in the tenders invited by other procuring entities within the RD&PR department.

15.3 The blacklisting of the contractor would lead to his/her/it's registration being revoked and he/she/it will not be allowed to re-register for a period of upto 3 years (as deemed fit in the opinion of the registered authority) from the date of blacklisting. Blacklisting of a contractor will have a ripple effect within the RD&PR department. The agreement for respective work will be terminated with immediate effect. The termination of the work will also include recovery of any additional cost from the contractor for the completion of the balance work through fresh tenders by the concerned procuring entity. Any amount due to the contractor will be released within 60 days subject to realization of additional cost required for the terminated work after completion of retender process for the balance works. All other subsisting contracts with the contractor will be allowed to be completed.

15.4 In case if the registering authority wishes to initiate action to ban or blacklist a contractor, then the following process should be adhered to,

- i. The Registering Authority should issue a show cause notice clearly indicating the grounds on which the contractor/firm is proposed to be banned or blacklisted. The show-cause notice should clearly outline the conditions/terms/Rules based on which the action is being initiated.
- ii. The contractor should be given 30 clear days to submit his/her/it's clarification, reasons etc.
- iii. All communications to the contractor shall be in writing, delivered via Registered post/Special messenger with due acknowledgement.
- iv. The issue of notice through email to the registered email-id of the contractor from the official email of the Registering Authority shall also be considered as proof of issue of show-cause notice.
- v. The Registering Authority shall also provide reasonable opportunity to the contractor to express his/her/it's reasons/clarification in-person even though a written reply has been submitted.
- vi. If in the opinion of the Registering Authority, if it is found necessary to blacklist the contractor/firm even after the above process, then it shall

pass orders to that effect. This shall be sent to the Director of Rural Development and Panchayat Raj through the District Collector. The Director of Rural Development and Panchayat Raj shall forward the action taken to blacklist the contractor to the Public (S.C.) Department through the Government in RD&PR department.

#### **16. Cancellation of Registration**

If a contractor, at any point of time, for any reason, loses his Solvency from the required levels or is incapacitated to enter contract as per the Indian Contracts Act 1872, due to the following reasons.

- i. is adjudged as insolvent by competent Court,
- ii. becomes Insane
- iii. is disqualified from contracting by any law

The Contractor's registration would be cancelled by the registering authority.

#### **17. Re-Registration of blacklisted contractors**

The blacklisted contractor can apply for registration only after the period of blacklisting is over. The registering authority may re-register the contractor in the same class or lower class based on the production of following documents:

- i. Self-attested photocopy of the Solvency Certificate in applicants own name for the value prescribed in Table 2
- ii. Self-attested photocopy of "Nil" Encumbrance certificate (Issued within 30 days from the date of application) in respect of the property on which solvency certificate is issued.
- iii. An affidavit to the effect that the applicant is not currently under blacklist by any Government Department/Agency within or outside the state.

Such contractors would be required to satisfy all the conditions and follow all procedures specified for registration of new contractor including submission of application form through e-sevai portal and payment of registration fee as per Table 3.

#### **18. Appellate Authority**

The applicant or contractor may seek redressal of grievances from the Appellate Authority on the following grounds:

- Non-acceptance of application for registration/renewal.
- Blacklisting of the contractor

- Cancellation of registration.

The Appellate Authority shall be the next higher authority of the registering authority as follows:

#### **Appellate Authority**

Sl. No.	Registering Authority	Appellate Authority
1.	BDO (BP)	PD, DRDA
2.	PD, DRDA	District Collector

#### **19. Register of contractors**

- i. The PD, DRDA shall maintain a register (digital) of all contractors registered at District level, BDO (Block Panchayat) at the Block level for respective Block in the format prescribed by Director, Rural Development & Panchayat Raj (DRD&PR).
- ii. The register of contractors shall always be kept updated on the RD&PR department website.
- iii. The procuring entities shall publish the list of all registered contractors in the district tender bulletin every half-yearly.
- iv. The list of banned or blacklisted contractors should also be published in the district tender bulletin with 15 days of such action. The list shall also be sent to all procuring entities and also to DRD&PR and also updated on the department website.

#### **20. Savings Clause**

All the existing departmental rules, regulations, orders, as far as they are not inconsistent with the provisions of these guidelines, shall continue to be in force. The Principal Secretary to Government, Rural Development and Panchayat Raj Department is empowered to modify these guidelines in consultation with the Director of Rural Development and Panchayat Raj as and when required.

**P.SENTHILKUMAR**  
**PRINCIPAL SECRETARY TO GOVERNMENT**

**//True Copy//**

*P.D. Daulan*  
**Section Officer** 2/2  
*am*