

**GOVERNMENT OF TELANGANA  
FINANCE (WP) DEPARTMENT**

**Memo.No.139/02/WP/A1/2020**

**Date: 20-08-2020**

**Sub:** Public Works – Bank Guarantees – Validity of Bank Guarantees at the time of payment of final bills – Certain instructions – Reg.

**Ref:** 1. Govt.Memo.No.139/02/WP/A1/2020, dt:29-01-2020 of Finance (WP) Department.  
2. Lr.No.DWA/TS/Hyd/SN-I/A-1/2019-20, dt:02-03-2020 from Director of Works & Accounts.

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In the reference 2<sup>nd</sup> cited, the Director of Works Accounts, Telangana State has submitted that there are instances of works wherein payments of final bills are pending even after completion of the defect liability period (DLP) and in such cases, the agencies are requesting not to insist upon re-validation of bank guarantees (BGs) at the time of final bill payments. However, in the absence of specific orders, PAOs cannot consider such requests. He has also submitted that, payment of final bill has been made a precondition for refund of deposits under Para 7-11-6 of the PAO Manual, which is not in consonance with the Preliminary Specifications and the provisions of TSPW A Code, and requested to consider omission of the first condition under the said Para. He has accordingly requested for issue of instructions in this regard.

In the circumstances submitted by the Director of Works & Accounts, he is instructed not to insist for extension of BGs at the time of payment of final bills payments in respect of works for which the defects liability period is completed, subject to fulfillment and satisfaction of the following conditions, which shall be duly verified and certified by the executive authority at the time of preferring the final bill.

1. The work is completed in all respects as per the terms and conditions of the agreement and approved plans.
2. The defects liability period is completed as per the agreement and no defects are notified during DLP, or the defects notified are rectified by the agency.
3. The BGs lodged for the specified purpose are in force till the end of DLP and there are no dues to be recovered from the agencies, except those proposed in the final bill.
4. The final bill is preferred in full and final settlement of all claims of the agency.

Director of Works Accounts, Telangana State may issue instructions to APAOs/PAOs accordingly.

As regards the issue of refund of deposits, the Director of Works Accounts may send necessary proposals for amendments to the PAO Manual, wherever required.

**K. RAMAKRISHNA RAO  
PRINCIPAL SECRETARY TO GOVERNMENT**

