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GOVERNMENT OF INDIA  
MINISTRY OF RAILWAYS  
(RAILWAY BOARD)

POLICY LETTER NO. RB/CE/6/2

NO. 99/CE-I/CT/28 (PT)

New Delhi, dated 17/5/2004

(AS PER LIST ATTACHED)

Subject – Termination of contract – effect of non performance by the contractor within the validity.

A doubt has been raised by one of the Zonal Railways as to whether a contract is required to be necessarily terminated even after the expiry of the date of completion, in the event the contractor has not sought for extension and the Railway has not taken necessary action for terminating the same within the validity period.

The issue has been examined in detail in Board's office. In normal circumstances, no such contingency should arise and the contract signing authority is expected to take necessary action well in time. However, in very rare cases, the reasons for which should be recorded, if such an eventuality does arise, it is advised that a notice (sample copy enclosed) claiming damages also for the failure on the part of the contractor should be issued to the contractor who has not sought is not willing to seek extension even after the expiry of the date of completion, and the contract has ceased to exist with effect from the date of expiry; original or extended as the case may be.

This issues with the concurrence of the Legal and Finance Directorates of the Board.

(Parmod Kumar)  
(PARMOD KUMAR)  
EDCE (G)

PCE  
seen 29/5/04  
CE (G)  
1/1/15

circulate to all DRMs and SDRMs HQ and WFO in HQ

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Railway

## CONTRACT TERMINATION NOTICE

No.

Office of the  
GM/PCE/CAO(C)

Dated:

Sub:- \_\_\_\_\_

Dear Sir,

1. In terms of the conditions of contract agreement No. \_\_\_\_\_ dated \_\_\_\_\_ governing the execution of the above work, it was required to be completed by the stipulated date of completion/mutually extended date of completion, viz. \_\_\_\_\_. You have failed to complete the work by the agreed date of completion. You have also failed to apply for further extension of period of completion on valid and reasonable grounds as acceptable to the Railway. Due to your failure to fulfil your contractual obligations, the contract stands terminated with effect from date of completion of the contract i.e. \_\_\_\_\_ (date)
2. Please note that for non fulfillment of the contract the Railway reserve the right to claim damages under clause 62 of the General Conditions of Contract in addition to any other rights available to it under the Law.
3. Final measurements of the work done by you shall be recorded on \_\_\_\_\_. Please arrange to be present at site to witness and so sign the measurements, failing which the work will be measured in your absence and such measurements as per provisions of the contract agreement shall, notwithstanding such absence, be binding upon you whether or not you shall have signed the measurement book.

Yours faithfully,

Primal

For & on behalf of the President, India