



**POLICY FOR SUSPENSION OF BUSINESS DEALINGS WITH DEFAULTING CONTRACTORS/ CONSULTANTS/
SUPPLIER (Amended on 08.01.2026)**

1.0 : GENERAL

*With the intention of safeguarding the commercial/financial interests of Engineering Projects (India) Ltd. (EPI) it is of utmost importance to formulate a policy to take action against any such **Tenderer, Contractor, Consultant, Supplier** (hereinafter referred to as "**Contractor**" for brevity), who fail to implement business ethics, commitment and sincerity of the highest standards for the work being undertaken by them. EPI shall be bound to suspend/ban any business dealings with any such contractor who fails to perform or defaults / deviates from the terms of tender / contract without any reasonable cause, is responsible for loss of business / money / reputation to EPI, indulges in malpractices, cheating, bribery, fraud or any other misconduct or formation of cartels so as to influence the tendering process or influence the price. Suspension of Business dealing involves putting a contractor on bench or banning a contractor for business with EPI for a particular period of time.*

2.0 : SCOPE

2.1 : These guidelines are applicable for imposition/revoking of suspension/banning of the Contractor on various grounds enlisted herein. The Contract Division, Corporate Office shall act as Nodal office for Policy matters, and record keeping.

*2.2 : These guidelines shall be applicable to all contracts and apply to all **contractor(s)** having business dealings with EPI and shall be without prejudice to all remedies available under the contract with the contractors.*

2.3 : In case of the contractor being a partnership firm, action under these guidelines shall be taken/ applicable against the firm and all its partners.

2.4 : In respect of consortia and unincorporated Joint Ventures/ Association of Persons (AOP)/ Body of Individuals (BOI), action under these guidelines shall be taken/ applicable against all the consortium partners and members of the unincorporated Joint ventures/ Association of Persons (AOP)/ Body of Individuals (BOI).

3.0 : SUSPENSION OF BUSINESS DEALINGS WITH CONTRACTORS

The period of putting the Tenderer/Contractor on bench or period of banning shall be decided depending upon the gravity of the omission or commission by the Tenderer / Contractor which shall be for a period not less than one (1) year extending utmost till three (3) years. Business dealings with a Tenderer / Contractor may be put under suspension on the basis of receipt of evidence of one or more of the following reasons:

3.1 : Submission of any document, information, data, certificate, affidavit, statement or undertaking by the Tenderer / Contractor in its Proposals or alongwith the bid / tender, based on which the Contractor was qualified as eligible or successful, is found to be false, fake, forged, incorrect or misleading and / or the Tenderer / Contractor has tampered with the records or has resorted to unethical, illegal means in getting the contract.

3.2 : Non-compliance / breach of the terms and conditions or violation of commitments of the Integrity Pact submitted by the Tenderer / Contractor.

3.3 : Non-disclosure about debarment/ blacklisting of the Contractor by any other organization, body, company, ministry etc. which is brought to notice of EPI.

3.4 : Involvement in any sort of tender fixing, cartel formation or in any act so as to influence the bidding process or influence the price.

3.5 : Withdraws / revises the bid upwards after becoming Lowest Bidder.

3.6 : Termination of a contract with EPI due to violation / non compliance of any of the conditions.

3.7 : Indulgence in malpractices or misconduct such as bribery, corruption, fraud, pilferage etc.



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- 3.8 : *Misbehavior/ ill treatment/ Derogatory Conduct to EPI officials during tendering process/ execution of work.*
- 3.9 : *Contractor is found to have obtained any internal information/ documentation of EPI by unauthorized means.*
- 3.10 : *Contractor has misused EPI documents/ drawings or has breached the confidentiality agreement with EPI.*
- 3.11 : *Contractor has substituted, damaged, failed to return, or unauthorizedly disposed-off equipment / materials/ tools etc. of EPI.*
- 3.12 : *In spite of warnings, the Contractor persistently violates or circumvents the provisions of labour laws/ rules and other statutory regulations.*
- 3.13 : *Tarnishing the image of EPI using print, electronic and other media or Indulging in any other activity with intent to malign the image of EPI.*
- 3.14 : *The Contractor is found guilty by any court of law for criminal activity/ offences involving moral turpitude in relation to business dealings.*
- 3.15 : *In case a major portion of the payment released by EPI to the contractor against work done or advance, is taken away by the financial institutions / Banks, to adjust lending / debits / interest etc resulting in acute shortage of resources / material at site affecting the work progress.*
- 3.16 : *The contractor against whom insolvency proceedings have been admitted in NCLT, and a Resolution Professional has been appointed.*
- 3.17 : *The Contractor is declared bankrupt, insolvent, has wound up or been dissolved; i.e. ceases to exist for all practical purposes.*
- 3.18 : *A decision has been taken by the administrative ministry or any superior office of the Government of India to ban business dealings with a Contractor and such decision has been communicated to EPI.*
- 3.19 : *The foreign Principals along with the representing Agent shall be banned together if information submitted by them about their precise relationship, commission/ remuneration etc. payable/ receivable and other particulars as asked by EPI, as per the extant guidelines regarding dealing with Agents of Foreign Suppliers is found false/ incorrect.*
- 3.20 : *Security consideration of the State i.e. any action that jeopardizes the security of the State.*

An entity, with whom business dealings have been suspended / banned by EPI stands automatically, disqualified for any bid/tender/enquiry issued by EPI.

4.0 : **PROCEDURE**

- 4.1 : *Suspension from business dealings involves civil consequences to the contractor concerned, hence, the same requires adherence to the Principles of Natural Justice. It is, therefore, essential to provide fair and adequate opportunity of hearing to the contractor concerned and to consider his written explanation, if tendered, keeping in view the facts and circumstances of the case before passing any order in this regard.*
- 4.2 : *If prima-facie evidence or sufficient grounds exist under any of the above circumstances stated under para 3 for taking action against a Tenderer / Contractor, for the lapses pertaining to tendering process or in contract execution, the concerned HOD (Contracts) at Corporate Office or the Regional Office In-charge, in the capacity of tender issuing authority or contract execution authority as the case may be, with the approval of the*



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Competent Authority will issue a "Show Cause Notice" to the Contractor immediately on occurrence of such incident/reason.

- 4.3 : To enable the Contractor to understand and reply to the notice, the Show Cause Notice should clearly and precisely mention the facts of the matter stating that an action under these guidelines has been proposed, the omission or commission on part of the contractor, along with all the relevant/substantial documents, giving a notice period of 14 days to the contractor for reply from the date of issue of letter.
- 4.4 : If the Contractor responds within the stipulated time or up to such date as considered fit by the concerned HOD (Contracts) at Corporate Office or the Regional Office In-charge, the reasons for accepting the delayed reply, if any, shall be mentioned in the report and the HOD (Contracts) at Corporate Office or the Regional Office In-charge will examine the reply and will recommend for closure of the case if the reply is considered satisfactory, to the Competent Authority.
- 4.5 : Otherwise, the HOD (Contracts) at Corporate Office or the Regional Office In-charge will send the reply to Competent Authority along with their recommendations for further consideration of a Committee to be constituted for this purpose by the Competent Authority.
- 4.6 : The said Committee as constituted by the Competent Authority will consider the entire matter and in case the explanation of contractor has not been found satisfactory, submit its recommendations, to Competent Authority through concerned HOD (Contracts) at Corporate Office or the Regional Office In-charge.
- 4.7 : This proposal of the Committee should consist of a background note narrating the case including the Show Cause Notice, reply of the contractor and its point wise analysis along with all relevant supporting documents. The Committee may also like to know the details from other sites where the Contractor is working and also take into consideration, any warning letters issued previously to the contractor.
- 4.8 : In case of mitigating circumstances, which are to be recorded in writing, such as prompt corrective action or unconditional apology being tendered or good & long previous track record of the contractor, or other such circumstances, the Committee may, following Principles of Natural Justice, only recommend a "Warning Letter" with the approval of Competent Authority, to be issued by HOD (Contracts) at Corporate Office or the Regional Office In-charge, as the case may be.
- 4.9 : This warning letter, to be issued by HOD (Contracts) at Corporate Office or the Regional Office In-charge, shall become a part of the record to be maintained in Contract Division at Corporate Office or the Regional Office and shall be referred in any subsequent matter being decided / considered by the aforesaid Committee against the contractor.
- 4.10 : If the Committee recommends suspension of business dealings with a contractor, the Competent Authority, after examining all the materials on record, including the explanation from the Contractor, will give decision on the proposal. The recommendation will be put up to Competent Authority through the concerned HOD (Contracts) at Corporate Office or the Regional Office In-charge. The Competent Authority in its decision may approve or reject the proposal or impose the penalty of suspension of business dealings for a higher/lower period considering the circumstances/ gravity of the case.
- 4.11 : Whenever a decision is taken for suspension of business dealings, HOD (Contracts) at Corporate Office or the Regional Office In-charge on behalf of EPI shall immediately communicate the decision to Contractor stating (a) reasons for suspension, (b) period of suspension and (c) that the onus shall be with the Contractor to inform EPI regarding the corrective/ preventive actions taken to address the reasons which has led to its suspension. The maximum period of suspension of business dealings shall be three (3) years.
- 5.0 : **CONTRACTUAL OBLIGATIONS:**



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- 5.1 : Bids from Tenderer/Contractor against whom action to suspend business dealings has been taken under this policy by EPI shall not be accepted for any future enquiry/ bid/ tender till the expiry of period of debarment. Contractual obligations already entered into with such a Tenderer/Contractor before the date of issue the order of suspension shall not be affected. The contractor will be allowed to complete his ongoing works, unless otherwise rescinded by the Competent Authority on grounds of breach of conditions of contract.
- 5.2 : In ongoing cases where Techno-commercial Bids (Part - I) are under evaluation and any of the participant Tenderer/Contractor has been put on bench or banned then the tender may be processed excluding the bid of that Contractor. However, if Price Bid (Part - II) has been opened and that Contractor happens to be L-1, then re-tendering is to be resorted to. The EMD submitted by the contractor in such cases shall be forfeited.
- 5.3 : A Consolidated list of all such Tenderers / Contractors/ Consultants/ Suppliers etc., against whom a decision to suspend business dealings has been taken in terms of this Policy, shall be hosted on EPI's website along with the 'date of suspension' and 'period of suspension', by Contracts Division, Corporate office.
- 5.4 : Where a decision to suspend business dealings under this policy has been taken against a Contractor, its sister concerns/ other allied companies under the same management should also be on the watch list for concurrent review of their performance and care should be taken that any Partner/ Director of the firm/ company of the Supplier under suspension does not get registered/ pre-qualified under different firm/ company name.
- 6.0 : **DEBARMENT FOR NON-PERFORMANCE**
- To maintain the quality of public infrastructure and ensure timely execution of projects, contractors who demonstrate consistent non-performance, abandonment of work, or breach of contractual obligations, ensuring that such entities do not jeopardize future EPI tenders for a specified period.
- 6.1 : **Grounds for Debarment (Non-Performance)**
Proceedings for debarment may be initiated if the Agency commits any of the following acts of non-performance:
- 6.1.1 : **Abandonment**
The Agency abandons the work before completion without valid justification or excuse.
- 6.1.2 : **Contract Termination:**
The contract is terminated by EPI due to "Default of the Contractor" as defined in the General Conditions of Contract (GCC).
- 6.1.3 : **Poor Performance:**
The Agency fails to achieve milestones as defined in the General Conditions of Contract (GCC) or to rectify defects pointed out by the Engineer-in-Charge, or where the work executed is consistently below the specified technical standards/specifications.
- 6.1.4 : **Period of Debarment**
- 6.1.4.1 : The Competent Authority may decide on a period between **one (1) to two (2) years** depending on the financial impact and reputational loss suffered by EPI. The period of debarment shall **not exceed two (2) years**.
- 6.1.5 : **Procedure (Principles of Natural Justice)**
To ensure the policy withstands legal scrutiny, the following process is mandatory:



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6.1.5.1 : Initiation:

Upon occurrence of a default (e.g., termination of contract), the RO / PCO/SBU Head shall forward a detailed report with evidence to the Competent Authority seeking approval for issue of a Show Cause Notice.

Step – 1 : Show Cause Notice Letter (SCN) (As per attached proforma)

A formal Show Cause Notice shall be issued to the Agency by the RO / PCO/SBU Head after the approval of Competent Authority. The SCN must explicitly state the intention to **debar** the firm, detail the specific reasons (non-performance instances). The Agency shall be given a minimum of **15 days** to submit a written representation against Show Cause Notice.

Step – 2 : Warning Letter (As per attached proforma)

If the Agency responds within the stipulated time or up to such date as considered fit by the RO / PCO/SBU Head, the reasons for accepting the delayed reply, if any, shall be mentioned in the report and the RO / PCO/SBU Head will examine the reply and will recommend for closure of the case if the reply is considered satisfactory, to the Competent Authority. If requested by the Agency, a personal hearing may be granted by the Standing Committee to present their defence in person.

Otherwise, the RO / PCO/SBU Head will send the reply to Competent Authority along with their recommendations for further consideration of a committee to be constituted for this purpose by the Competent Authority.

The said Committee as constituted by the Competent Authority will consider the entire matter and in case the explanation of Agency has not been found satisfactory, submit its recommendations, to Competent Authority

- The Agency shall be given a minimum of **15 days** to take prompt corrective action as a last opportunity to rectify the violations/breaches in terms of the above observations and to further warn the agency that such violations/breach of contract conditions should not be repeated, failing which the business dealings with agency will be banned and agency shall be debarred from entering into future contracts with EPI for such period as may be decided by the Competent Authority.

Step – 3 : Suspension of Business Dealing Order (As per attached proforma)

The Competent Authority, after examining all the materials on record, including the explanation from the Agency and subsequent recommendation by RO/PCO/SBU Head, will give decision on the proposal. The Competent Authority in its decision may approve or reject the proposal or impose the penalty of suspension of business dealings for a higher / lower period considering the circumstances/ gravity of the case.

Whenever a decision is taken for suspension of business dealings the RO / PCO/SBU Head on behalf of EPI shall immediately communicate the decision to Agency via issuing an Order stating the following:

- a) Reasons for suspension
 - b) Period of suspension and
 - c) that the onus shall be with the Agency to inform EPI regarding the corrective/ preventive actions taken to address the reasons which has led to its suspension. The maximum period of suspension of business dealings shall be two (2) years.
- The order must discuss the Agency's defence and explain why it was rejected.
 - The order must clearly specify the **Start Date** and **End Date** of the debarment.



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6.1.6 : Effect of Debarment

6.1.6.1 : *The debarred Agency shall not be eligible to participate in any future tenders issued by EPI (Corporate or Regional) during the debarment period.*

6.1.6.2 : Existing Contracts:

*Debarment shall **not** affect other ongoing contracts being executed by the Agency, which shall continue unless terminated separately for specific defaults in those contracts.*

6.1.6.3 : Joint Ventures:

If the debarred Agency is a partner in a Joint Venture (JV), the debarment applies to the JV for future tenders.

7.0 : REVOCATION:

7.1 : *An order for debarment/ suspension of business dealings passed, shall be deemed to have been automatically revoked on the expiry of the specified period of suspension/ debarment and it will not be necessary to issue specific formal order of revocation.*

7.2 : *Once the suspension order is issued, it shall not be revoked ordinarily before the specified expiry of suspension/ debarment period unless the component authority finds that:*

7.2.1 : *On review at a later date by the concerned HOD (Contracts) at Corporate Office or the Regional Office In-charge, on receiving written request from the contractor and there is sufficient justification to revoke the order of suspension,*

7.2.2 : *In respect of the same offence which formed the basis of suspension of business dealings under this policy, the accused has been honorably acquitted by a court of law.*

7.2.3 : *An order of debarment shall stand automatically revoked upon the expiry of the specified period. Premature revocation may only be considered if the Agency has fully rectified the loss/defect and the Competent Authority records reasons for such leniency in writing.*



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(Performa of Show Cause Notice)

No.....

Date.....

To,
M/s _____
Attn.: Shri _____

Sub.: Show Cause Notice — Suspension of Business Dealings in future req.

Ref.: Name of work & LOA/Agreement

Dear Sir,

WHEREAS the performance of above work awarded to you vide LOA dated has been found to be very poor (or any other reason as the case may be), and you have miserably failed in fulfilling our obligations despite several reminders vide letter no..... dated..... and letter no. dated..... etc.

AND WHEREAS the time for completion of work was the essence of contract and you were contractually committed to complete the work by as per clause no..... of the contract.

AND WHEREAS your failure to proceed with the contracted work with due diligence and further your suspension of the progress of the work (or any other reason) at site led to the conclusion that you would be unable to secure completion of the work by / or will remain indulge in such activities to malign the image of EPI.

AND WHEREAS consequent upon your persistent neglect and failure to fulfil your obligations under the contract, Shri _____, the engineer in-charge, served a notice vide letter no..... dated / called upon you to take effective measures/steps to remedy the defaults/ mend your ways/ or as the case may be.

AND WHEREAS inspite of the service of the said notice, you, M/shad failed to remedy the default/ mend your ways/ or as the case may be, you are hereby required to show cause in writing within 15 days from the date of this letter as to why you should not be debarred from entering into any future contracts with EPI.

Your reply, if any, duly supported by documents and documentary evidence should reach this office within 15 days of the issue date of this letter. In case, you fail to reply to this Show Cause Notice within the time and manner aforesaid, it will be presumed that you have nothing to say and we shall proceed accordingly.

Your reply, if any, and the documents / documentary evidence given in support shall be taken into consideration prior to arriving at a decision.

Yours faithfully,
For Engineering Projects (India) Limited

Issuing Authority



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**Performa for Warning
(Under Policy for Suspension of Business Dealings)**

No.....

Date.....

To
M/s.....
.....

Attn.: Shri

Sub: Warning under Suspension Guidelines

Dear Sir,

WHEREAS consequent upon your failure to satisfactorily fulfill your obligation(s) under the contract, a Show Cause Notice was served to you vide letter no. dated..... whereby you were called upon to show cause as to why you should not be debarred from entering into any future contracts with EPI.

WHEREAS on examination of your reply dtd and the documents and documentary evidence submitted in support of your reply vis-a-vis the facts of the case/project, we are of the view that you have not been able to satisfactorily justify your stand

<The reasoning of Competent Authority to reject the contractor's submissions in Show Cause Notice may be given in speaking order>

However, considering your assurance in your communication dated to take immediate corrective action on the above observations, it has been decided by the competent authority to give you a last opportunity to rectify the violations/breaches in terms of the above observations and to further warn you that such violations/breach of contract conditions should not be repeated, failing which the business dealings with you will be banned and you shall be debarred from entering into future contracts with EPI for such period as may be decided by the competent authority.

Please take notice and act accordingly.

Yours faithfully,
For Engineering Projects (India) Limited

Issuing Authority



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(Performa for Intimation of Suspension of Business Dealings)

No.....

Date.....

To
M/s.....
.....

Attn.: Shri

Sub: Intimation of Suspension of Business Dealings /

Dear Sir,

WHEREAS consequent upon your persistent neglect and failure to fulfill your obligation under the contract, a Show Cause Notice was served to you vide letter no, dated.....and had called upon you to show cause as to why you should not be debarred from entering into any future contracts with EPI.

WHEREAS in spite of the opportunity given to you, you have failed to show cause as required/ vide reply dated _____ you have communicated your stand to the notice.

AND WHEREAS on examination of the said reply and the documents and documentary evidence submitted in support of your reply vis-a-vis the facts of the case/project we have found the reply completely untenable and devoid of any merits/ we are of the opinion that you have no justification to defend the notice. (The justifications to reject the reply may be given in speaking order)

NOW THEREFORE, it has been decided that business dealings with you will be banned and you are hereby debarred from entering into future contracts with EPI for..... years, effective from the date hereof.

Please take notice accordingly.

Yours faithfully,
For Engineering Projects (India) Limited

Issuing Authority