



GOVERNMENT OF KERALA

Abstract

Public Works Department – Clarification regarding common shareholding and directorship in Companies – Conditions of Registration of Contractors – Amended - Orders Issued.

PUBLIC WORKS (H) DEPARTMENT

G.O.(Ms)No.43/2026/PWD Dated,Thiruvananthapuram, 07-08-2026

Read 1 G.O.(Ms) No.59/2013/PWD dated 17.07.2013.

2 G.O.(Ms) No.5/2022/PWD dated 14.02.2022.

3 G.O(Ms) No.20/2023/PWD dated 04.04.2023.

ORDER

As per the sub section 1908.8 of the conditions and rules of Registration of Contractors in PWD issued as per the G.O read as 1st paper above, an individual/firm can hold only one valid contract registration at a time.

2.Since the rules and conditions did not prohibit a contractor from obtaining registration in the name of an entity in which he was a majority stakeholder, many contractors successfully exploited the loophole in the rules and conditions, which enabled individuals to have multiple registrations to their advantage and that there was no bar to the individual as well as his firm from participating in the same tender, there by compromising the spirit of competitive tender. It was also observed that such individuals and their firms mutually pledge their pending bills towards security deposit for new contracts, which gave them undue financial advantage. Therefore , to plug the loopholes in the rules/conditions so as to eliminate conflict of interest, Government as per order read (2) above have ordered to make an extra declaration mandatory during the registration of a contractor stating that, they had not been registered earlier as PWD Contractors under any other PWD registration category including firm/individual and in case of violation of the self declaration, the contractor is liable to be blacklisted.

3. Subsequently, as per Government Order read as 3rd paper

above, Government have ordered the incorporation of the following two clauses ((i)&(ii)) into the order read as 2nd paper above, as the loophole persisted.

(i) At the time of 'submitting bid' by either an individual, or a Partnership firm, or a Company registered under the Companies Act, as the case may be, an explicit declaration should be obtained to the effect that none of the current partners/Directors on the Board of Directors/their employees have participated in the particular bid in any status.

(ii) It should also be made mandatory for a partnership firm/Company, registered with PWD as a Contractor, to intimate the registering authority in PWD about the change in the composition of the Partnership, or in the Board of Directors of the Company as and when the event occurs.

4. Later, several issues arose regarding the renewal of licenses for companies where a shareholder of one contracting company was also a member of another contracting company.

5. Govt have examined the matter in detail. The restriction in the G.O read (2) above against obtaining registration simultaneously in another firm or in an individual capacity shall continue to apply to individual contractors and partnership firms. But in the case of companies, common share holding or directorship shall not by itself be a ground for a disqualification for registration, renewal or upgradation of licenses. As far as companies are concerned, it is appropriate that common share holding or directorship shall not by itself be a ground for a disqualification for registration, renewal or upgradation of licenses merely for the reason that a shareholder/director is holding share/directorship in another company. It is further relevant to note that preventing an entity incorporated as per the provisions of law that is the Companies Act from getting registered, solely for the reason that one of the share holder is holding share in another company is like imposing an unnecessary restriction on legitimate business activities of companies incorporated under the Companies Act. By a prohibition in registration, renewal or upgradation of licenses in respect of companies having common share holding or directorship, amounts to unnecessary restriction in respect of right to carry on business. Further, as there has been a strategical change as far as Public Works are concerned, works involving investment of hundreds of crores are being arranged by departments, It is appropriate to ensure participation of maximum number of companies which are having expertise and experience in the

field of civil construction.

6. Under these circumstances, Government are pleased to amend the Government orders read above by incorporating the effect that in the case of companies, common shareholding or common directorship alone shall not be a ground for denying registration/renewal/upgradation and, at the same time, the existing restriction preventing entities having common directors from participating in the same tender/bid may continue in order to preserve fair competition.

7. The Government orders read above stands modified to the above extent.

8. PWD Manual shall be amended accordingly.

9. All registering authorities in PWD shall dispose of all the pending renewal applications that are delayed due to need of clarification in the Government Orders read above, immediately. All Engineers of PWD (respondents in related court cases) shall take immediate necessary steps to file updated Counter Affidavits in all pending legal matters in light of this clarification.

10. The Chief Engineer (Administration), PWD shall take necessary steps to update the PRICE software, if required, to facilitate the renewal of contractor licenses eligible under this clarification.

(By order of the Governor)

Dr ADEELA ABDULLA I A S
SPECIAL SECRETARY

To:

The Principal Accountant General
(A&E/Audit), Kerala, Thiruvananthapuram.

All Chief Engineers of PWD.

All registering Authorities of PWD (Through Chief Engineers concerned)

Executive Engineer (e-governance), O/o Chief Engineer
(Administration)

Finance Department-(2701968/I&PW-B2/43/2024-FIN dated
13.02.2025)

Law Department (OPN-D1/420/2025-LAW- dated 19.02.2026)

Local Self Govt. Department.

Water Resources Department.

Co-operation Department.

I&PR(web & new media) Department.

Stock File/Office Copy (2479404- PWD-H3/90/2023-PWD).

Digitally signed by
Forwarded By order

Sudha B

Date: 07-08-2026

Section Officer

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Copy To: PS to Minister,Public Works Department.

CA to Special Secretary,Public Works Department.