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Northern Railway
Stores Department

SPECIAL CONDITIONS OF CONTRACT

Issued by: PCMM, Northern Railway, Baroda House.
NEW DELHI-110001.

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1.0 Security Deposit (SD)/ Performance Security for Stores contracts except M&P

1.1 There shall be no exemption from submission of Security Deposit (SD) for any tender or by any tenderer except the following:

a. Stores contract cases of value up to Rs. 25(Twenty-five) Lakh.
b. Other Railways and Government Departments.
c. Indian Ordinance Factories.
d. PSUs owned by Ministry of Railways and PSUs for the group of items that are manufactured by them.
e. In tenders issued against PAC, OEM in whose favour PAC has been issued shall be exempted from submitting SD. KVIC and ACASH shall be exempted from SD for items supplied by them.
f. Vendors registered with Railways for the trade group of the item tendered shall be exempted from SD for orders valued up to their monetary limit of registration.
g. Vendors appearing in the approved vendor lists of RDSO/ PUs/ CORE, subject to approval status being valid on the date of tender closing.
h. Vendors registered with Railways for supply of medicine, medical equipment and consumables shall be exempted from SD for these items.

Note: Apart from claiming damages from vendors, in case of failure to comply with the contractual obligations, Railways shall record poor performance of the vendors for taking suitable penal action as per extant instructions.

1.1.1 The bidder(s), who stand disqualified as per the declaration furnished by them (as per Annexure 7 of Instructions to Tenderers for e-Tenders), will not be exempted from submitting SD for all tenders published during the period of their disqualification.

1.2 The Security money can be deposited in any of the following forms:

1.2.1 Deposit receipts, Pay orders, Demand Drafts, Guarantee Bonds issued by Nationalized or Scheduled Commercial Banks, Bonds of Indian Railway Finance Corporation and KRCL Bonds, Government Securities and deposits in the post office saving banks. The Guarantee Bonds/Bank Guarantee should be submitted in the prescribed form as per Annexure-1.

1.2.2 Payment of Security money in the form of pay order/demand draft shall be made in favour of FA&CAO (SAB), Northern Railway, Baroda House, New Delhi.

1.2.3 Security deposit shall remain valid for a minimum period of 60 days beyond the date of completion of all contractual obligations.

1.3 Amount of Security Deposit will be as indicated below:

Contract Value	SD (rounded off to nearest higher Rs. 10 (Ten))
Up to Rs. 25 Lakh	Exempted.
Above Rs. 25 Lakh and upto Rs. 50 Crore	@ 5% of Contract Value subject to max Rs. 50 Lakh.
Above Rs. 50 Crore	Rs. 1 Crore.

1.3.1 The successful tenderer shall have to deposit SD within 21 days of issue of Letter of Acceptance. No extension of time for submission of SD shall be granted.

1.3.2 In the event of successful tenderers failing to deposit/ submit SD in acceptable form within the prescribed period as aforesaid (Para 1.3.1 above), the EMD submitted by such successful tenderers shall be automatically adjusted towards SD. In case where available EMD amount is less than required SD and the successful tenderer does not deposit the balance SD amount within stipulated time, then EMD shall be forfeited and case be dealt similar to that of withdrawal of offer by the tenderer as per extant instructions.

1.3.3 Deleted.

1.3.4 For severable contracts, in case of failure by contractor to meet deliveries for any lot, Purchaser may cancel the contract for defaulted part by forfeiting SD commensurate to that lot.

1.4 Tenderers submitting Security Money in the form of Bank Guarantee (BG) should ensure the following, to avoid rejection/return of the BG:

1. The Bank Guarantee should be executed on non-judicial stamp paper of appropriate value as applicable at the place where the bank guarantee is executed.

2. The non-judicial stamp paper used for executing the Bank Guarantee should have been purchased in the name of executants Bank.

3. The Bank Guarantee should be duly attested by notary public along with notarial stamps of appropriate value affixed thereon.

4. Every page of Bank Guarantee should be signed by the authority executing it and the Bank Guarantee should be duly numbered.

5. All corrections/alterations, if any, made in the Bank Guarantee should be duly attested by the executants Bank and the notary public as well.

6. The Bank Guarantee should be in the prescribed format (Annexure – 1) and completely in the typed form.

1.5 DELETED

1.6 Refund of security deposit becomes due when the contract is satisfactorily completed in accordance with terms & conditions of the contract. Purchaser's decision in this regard shall be final and binding on the supplier.

2.0 ADVICE OF DESPATCH OF STORES

2.1 The supplier should ensure that Railway Receipts/PWB under which the material is booked to a Railway consignee are prepared in the favour of "consignee" and not "self" failing which they will be required to take the delivery themselves and deliver the consignment to the consignee. When suppliers submit the original RR/PWB along with other documents to paying authority for claiming advance payment, a photocopy of RR/PWB should be sent simultaneously to consignee.

2.2 All despatch documents i.e. RR/PWB Challan, Inspection certificate etc. should be sent to the consignee and copies of advice of despatch must also be sent to the Controller of Stores, Baroda House, New Delhi.

2.3 The contractor shall submit monthly report concerning the progress of the contract and/or supply of stores to the Purchaser and Consignee. The submission and acceptance of such report shall not prejudice the rights of the purchaser in any manner.

3.0 ALTERATION OF SPECIFICATIONS, PATTERNS AND DRAWINGS

The purchaser reserves the right to alter from time to time, the specifications, patterns and drawings and from the date that may be specified by him the articles shall be supplied in accordance with the specifications, patterns and drawings, so altered. In the event of any such alteration involving an increase or decrease in the cost or in the period required for production, a revision of the contract price and of the time fixed for delivery shall be made in relation to the articles the subject of the alterations. The decision of the purchaser on the question on whether the alteration involves an

increase or decrease in the cost, or in the period required for production shall be final and binding.

4.0 LIQUIDATED DAMAGES

4.1 In case of failure on the part of the supplier to arrange supplies as per the delivery schedule/instalments fixed in advance, save force majeure conditions and delays attributable to purchaser, the purchaser reserves the right to levy liquidated damages which shall be levied as per Para 702 (a) of IRS Conditions of contract for delayed quantity which have remained unsupplied for that period.

4.2 Recovery of Liquidated Damage (LD) shall be levied @1/2% (half percent) of the price of the store per week or part of the week during which delivery is accepted and the upper limit for recovery of LD in supply contracts is 10% (ten percent) of the value of contract irrespective of delays, unless otherwise provided, specifically in the contract.

5.0 RISK PURCHASE - Risk Purchase clause shall not be applicable.

5.1 **Action in case of default of the firm in execution of contract**

a. Where SD has been taken; and the supplier fails to supply goods as per Conditions of Contract, as amended from time to time, Purchaser shall have right to cancel the contract by forfeiting the Security Deposit. In case of severable contract, Para 1.3.4 will apply.

b. Wherever SD has been exempted for any reason; and the supplier fails to supply goods as per Conditions of Contract, as amended from time to time, Purchaser shall have right to levy damages from the supplier for failing to comply with the contractual conditions, not by way of penalty, an amount equal to SD amount, as would have been applicable if the contract was with a non-exempted vendor. These damages shall be treated as recoveries outstanding against the vendor and dealt with accordingly.

c. The condition mentioned in para b above shall apply to contracts below Rs. 25 Lakh also and in such cases, Purchaser shall have right to cancel the contract and levy General Damages from the supplier for failing to comply with the contractual conditions.

d. Adverse performance of such firms shall be recorded and shall be intimated to the approving authority and shall also be taken into account in future tender cases on merit.

6.0 PAYMENTS

6.1 Suppliers are requested in their own interest to observe the following instructions to avoid delay in payment of their bills for materials supplied for stock purposes and despatched to the Northern Railway Stores Depots mentioned in contract.

a. Receipt Note sent to the supplier as acknowledgement of receipt and acceptance of Stores delivered to the consignee should be attached with the bill which is to be prepared in ink on prescribed form (details in para 7.7 below) and submitted in duplicate to the Financial Adviser and Chief Accounts Officers, Stores Accounts Branch, Northern Railway, Baroda House, New Delhi-1.

b. Where the condition of advance payment on proof of despatch is accepted and specified in the Purchase Order, the supplier will submit advance payment bill (in duplicate) supported with challan, inspection certificate, proof of despatch/delivery etc. as per terms of the contract to the FA&CAO/Stores Account Branch, Baroda House, New Delhi, endorsing a copy of the forwarding letter to the Controller of Stores as well as to the Consignee. The bills for balance payment should be submitted in the manner as indicated at (ii) above for payment.

6.2 For materials supplied against orders placed for direct despatch to the consignee on this Railway on non-stock basis i.e. other than those cases mentioned in clause 7.1 above, the supplying firm will prepare their 100% payment bills in duplicate, in ink on prescribed forms and submit the same as under: -

c. One copy of the bill marked “ORIGINAL” with all despatch documents as per terms of contract directly to the consignee.

d. Another copy of bill marked “DUPLICATE/NOT FOR PAYMENT” to the Controlling Officer of the consignee mentioned in Supply Order.

e. Where the condition of advance payment on proof of despatch is accepted and specified in the Direct Despatch Order, the suppliers will submit advance payment bill (in duplicate) along with the documents as per para 7.1 (b) above to the Paying Authority of the consignee indicated in Supply Order. Original copy of the balance payment bill should be sent to the consignee and “DUPLICATE/NOT FOR PAYMENT” copy to the Controlling Officer of the consignee as specified in such Supply Order.

6.3 The Supplier is also required to furnish the following certificate on their bill for advance payment.

“We have personally examined and verified and do hereby certify that stores in respect of which payment is being claimed have been actually despatched under RR/PWB

No.....dt..... , and further that these goods are the exact materials as indicated in challan No. ..... dt. ..... and covered by inspection certificate No. ..... dt . ..... We also certify that the above referred challan, RR/PWB and inspection certificate have been sent to consignee by Registered Post/Speed Post on ..... We shall hold ourselves personally responsible for correctness of this statement."

6.4 The bill for payment should also be accompanied by the following certificate to be furnished by the Suppliers who are registered with GST authorities for availing Input credit :-

"We certify that no additional Input Credit on the stores supplied by us have accrued under the GST scheme in force on the date of supply, after we submitted quotations and submitted the present bill".

6.5 The firm should submit their bills only for the supplies made by them during the scheduled delivery period or as extended from time to time. For supplies made after expiry of scheduled delivery period, firms should first obtain necessary extension of delivery period from the competent authority before submission of their bills.

6.6 In case the bill is submitted to FA&CAO (SAB) supported by amendment to purchase order extending delivery period reserving Railways right to impose liquidated damages, the payment of bill would be released deducting full liquidated damages (LD) @ 2% of the value of delayed stores for delay of every one month or part thereof.

6.7 Following points may also be observed by the suppliers while submitting the bills for payment

a. Consignee's name and Purchase Order reference should be given on the bill as well as in all correspondence in connection therewith for facility of connecting the papers and arranging early payment.

b. The firms are advised that bills for payment should only be submitted for the amounts permitted on the Purchase Orders, and in case further amounts are claimed, an amendment should be obtained from the Controller of Stores, Northern Railway, Baroda House, New Delhi before bills are submitted.

c. All Bills should be submitted in forms S-2817 in duplicate, marked 'Original' and 'Duplicate" These bill forms can be had from the office of Controller of Stores, Northern Railway, Baroda House, New Delhi on payment @ Rs.60/- per book containing 100 forms each in cash to the Divisional Cashier, Northern Railway Baroda House, New Delhi or through Crossed Demand Draft in favour of the FA&CAO (SAB), Northern Railway, Baroda House, New Delhi.

d. The nomenclature of the material supplied shown in the bills should be strictly in accordance with description given in the Purchase Order.

e. The Bills should be signed and pre-receipted with revenue stamp. All corrections should be attested. Fluid should not at all be used on the bill.

f. Rate and Quantity should be mentioned both in figures and words.

g. Status/Category of Bill should be mentioned i.e. whether Advance/Balance/100%/ PVC etc.

h. All Columns of bill should be properly filled i.e., Vendor Code, Bank Account No. and Branch, Purchase Order No./Contract No.Date, PL No. etc.

i. Wherever PVC is applicable, basis of PVC may be given, with relevant documents.

j. Copy of Amendment letter issued by Stores Department, if any, be enclosed.

k. Transport Receipt/Challan for freight charges should be enclosed along with the bills.

l. In case of Advance Payment, following documents should also be enclosed along with the bills :-

(i) Receipt delivery Challan duly signed and stamped by Gazetted Officer/Clear Railway Receipt.
(ii) Original Inspection Certificate.
(iii) Excise Invoice (original-for buyer) wherever applicable.
(iv) MODVAT declaration

m. In case of 100% and Balance Bills, the following documents be enclosed along with the bills :-

(i) Receipt Note Part-II

(ii) ED gate pass wherever applicable

n. All other relevant documents as per contract provisions.

7.0 FALL CLAUSE - Wherever specifically mentioned in the tender, Fall Clause will be applicable as per following conditions.

7.1 The price charged for the stores supplied under the contract by the contractor shall in no event exceed the lowest price at which the contractor sells the stores or offer to sell stores of identical description to any persons/organizations including the purchaser or any department of Central Government or any Railway Office or any Railway Undertaking, as the case may be, during currency of the contract. The lower price will be applicable to supplies made after the date of coming into force of such reduction or sale or offer to sell at a reduced rate.

7.2 If at any time during the said period the contractor reduced the sale price, sells or offers to sell such stores to any persons, organizations including the purchaser or any Department of Central Government or any Railway Office or any Railway Undertaking as the case may be at a price lower than the price chargeable under the contract, they shall forthwith notify such reduction or sale or offer of sale to the purchaser and the price payable under the contract for the stores supplied after the date of coming into force of such reduction or sale or offer of sale, shall stand correspondingly reduced.

7.3 The contractor shall furnish the following certificate to the concerned accounts officer along with each bill for payment of supplies made against the contract.

"I/We certify that there has been no reduction in sale price of the stores of description identical to the stores supplied to the Government under the contract herein no such stores have not been offered / sold by me / us to any person / organization including the purchaser or any Department of Central Government or any Railway Office or any Railway Undertaking as the case may be up to the date of bill, at a price lower than the price charged to the Government under the contract".

8.0 REJECTED MATERIAL

8.1 Materials peculiar to railways such as parts and fittings of rolling stock except raw materials, which have been rejected during inspection and which could not be rectified are required to be defaced by the inspecting authority to avoid recycling of such rejected materials, and to avoid ultimate failures of assets. All such rejected materials peculiar to railways should be mechanically defaced to prevent sale to railways again.

9.0 MARKING OF STORE

9.1 Contractor/Manufacturer must inscribe/engrave/screen-print/ emboss vendor's name/identification marks as well as month and year of manufacture on item supplied to Northern Railway. The location of these identification should be such that they do not affect the functional utility and structural stability of the components/ materials, and also do not get obliterated on wear and tear. For very small items where marking on individual item is not possible, the vendor will arrange to print Vendor's name/identification marks as well as month and year of manufacture on standard packing, after obtaining specific approval from the purchaser in each case. The decision of the purchaser on whether such approval is to be granted or not shall be final and binding.

ANNEXURE-1

(Refer clause 1.2. of Special Conditions of Contract)

PROFORMA FOR BANK GUARANTEE FOR CONTRACT PERFORMANCE GUARANTEE

Ref …….. Date……..
Bank Guarantee No……..…….....

To

The President of India,
Acting through the Controller of Stores,
Northern Railway, Baroda House,
New Delhi- 110 001

1. Against contract concluded by the Advance Acceptance of the Tender No……., dated …….. covering supply of ……

   (hereinafter called the said contract) entered into between the President of India and …… (hereinafter called the 'Contractor'), this is to verify that at the request of the Contractor we, ……. Bank Ltd., are holding in trust in favour of the President of India, the amount of ……

   ……(write the sum here in words) to indemnify and keep indemnified the President of India (Govt. of India) against any loss or damage that may be caused to or suffered by the President of India (Govt. of India) by reason of any breach by the Contractor of any of the terms and conditions of the said contract and/or the performance thereof. We agree that the decision of the President of India (Govt. of India), whether any breach of any of the terms and conditions of the said contract and/or in the performance thereof has been committed by the Contractor and the amount of loss or damage that has been caused or suffered by the President of India (Govt. of India) shall be final and binding on us and the amount of the said loss or damage shall be paid by us forthwith on demand and without demur to the President of India (Govt. of India).

2. We, …….. Bank Ltd., further agree that the guarantee herein contained shall remain in full force and effect during the period that would be taken for satisfactory performance and fulfilment in all respects of the said contract by the Contractor i.e. till……. (viz. the date upto 2 months after the date of the last despatch/delivery of the goods ordered) hereinafter called the 'said date' and that if any claim accrues or arises against us (…….. Bank Ltd.), by virtue of this guarantee before the said date, the same shall be enforceable against us (…….. Bank Ltd.), notwithstanding the fact that the same is enforced within six months after the said date, provided that notice of any such claim has been given to us…….. …… Bank Ltd., by the President of India (Govt. of India) before the said date. Payment under this letter of guarantee shall be made promptly upon receipt of notice to that effect from the President of India (Govt. of India).

3. It is fully understood that this guarantee is effective from the date of the said contract and that we…….. Bank Ltd., undertake not to revoke this guarantee during its currency without the consent in writing of the President of India (Govt. of India).

4. We undertake to pay to the Government any money so demanded notwithstanding any dispute or disputes raised by the Contractor in any suit or proceedings pending before any court or Tribunal relating thereto, our liability under this present being absolute and unequivocal. The payment so made by use under this bond shall be a valid discharge of our liability for payment thereunder and the Contractor shall have no claim against us for making such payment.

5. We…….. Bank Ltd., further agree that the President of India (Govt. of India) shall have the fullest liberty, without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said contract or to extend time of performance by the Contractor from time to time or to postpone for any time or from time to time any of the powers exercisable by the President of India (Govt. of India) against the said contract and we…….. Bank Ltd., shall not be released from our liability under this guarantee by reason of any such variation or extension being granted to the said Contractor or for any forbearance and/or omission on the part of by the President of India or any indulgence by the President of India to the said Contractor or by any other matter or thing what-so-ever which under the law relating to sureties, would, but for this provision, have the effect of so releasing us from our liability under this guarantee.

6. This guarantee will not be discharged due to change in the constitution of the Bank or the Contractor

Date……**...**.

Signature…….

Place…… Name…….

Witness ……

(Designation)

(Bank's Common Seal)