

OFFICE - ORDER

The management of the Corporation has decided to replace Clause-2 of the Contract Agreement by the following :-

The time allowed for carrying out the work, as entered in the tender, shall be strictly observed by the contractor and shall be reckoned from the 10th day after the date of written order to commence the work given to the contractor. If the contractor does not commence the work within the period specified in the work order, he shall stand liable for the forfeiture of the amount of Earnest Money (EMD) and Security Deposit (SD). Besides, appropriate action may be taken by the Engineer-in-charge/competent authority to debar him/them from taking part in future tenders for a specified period or black list him/them. The work shall, through out the specified period of completion of the contract, be proceeded with all due diligence, time being essence of the contract, on the part of the contractor. To ensure good progress during the execution of work, the contractor shall be bound, in all cases in which the time allowed for any work exceeds one month (save for special jobs) to complete 1/8th of the whole of the work before 1/4th of the whole time allowed under the contract has elapsed, 3/8th of the work before 1/2 of such time has elapsed and 3/4th of the work before 3/4 of such time has elapsed. If the contractor fails to complete the work in accordance with this time schedule in terms of cost in money, and the delay in execution of work is attributable to the contractor, the contractor shall be liable to pay compensation to the Corporation at every time span as below :-

A	Time Span of full stipulated period	1/4 (...days)	1/2 (...days)	3/4 (...days)	Full (...days)
B	Work to be completed in terms of money	1/8 th (Rs....)	3/8 th (Rs....)	3/4 th (Rs....)	Full (Rs....)
C	Compensation payable by the contractor for delay attributable to contract at the stage of :	1) Delay upto one fourth period of the prescribed time span - 2.5% of the work remained unexecuted. 2) Delay exceeding one fourth period but not exceeding half of the prescribed time span - 5% of the work remained unexecuted. 3) Delay exceeding half of the prescribed time span but not exceeding three fourth of the time span - 7.5% of the work remained unexecuted. 4) Delay exceeding three fourth of the prescribed time span - 10% of the work remained unexecuted.			

Note: In case delayed period over a particular span is split up and is jointly attributable to RIICO and contractor, the competent authority may reduce the compensation in proportion of delay attributable to RIICO over entire delayed period over that span after clubbing up the split delays attributable to RIICO and this reduced compensation would be applicable over the entire delayed period.

Following illustration is given :

(i) First time span is of 6 months, intermediate delay is of 30 days which is split over as under :-

5 days (attributable to RIICO) + 5 days (attributable to contractor) + 5 days (attributable to RIICO) + 5 days (attributable to contractor) + 5 days (attributable to RIICO) + 5 days (attributable to contractor).

Total delay is thus clubbed to 15 days (attributable to RIICO) and 15 days (attributable to contractor).

(Total normal compensation of 30 days as per clause 2 of agreement is 2.5% which can be reduced as $2.5 \times 15 / 30 = 1.25\%$ over 30 days by competent authority).

Note : The compensation, levied as above, shall be recoverable from the Running Account Bill to be paid immediately after the concerned time span. Total compensation for delays shall not exceed 10% of the total value of the work.

*The contractor shall, further, be bound to carry out the work in accordance with the date and quantity entered in the progress statement attached to the tender.

In case the delay in execution of work is attributable to the contractor, the spanwise compensation, as laid down in this clause shall be mandatory. However, in case the slow progress in one time span is covered up within original stipulated period, then the amount of such compensation levied earlier shall be refunded. The Engineer-in-charge shall review the progress achieved in every time span, and grant stagewise extension in case of slow progress with compensation, if the delay is attributable to contractor, otherwise without compensation.

However, if for any special job, a time schedule has been submitted by the contractor before execution of the agreement, and it is entered in agreement as well as same has been accepted by the Engineer-in-charge, the contractor shall complete the work within the said time schedule. In the event of the contractor failing to comply with this condition, he shall be liable to pay compensation as prescribed in forgoing paragraphs of this clause provided that the entire amount of compensation to be levied under the provisions of this clause shall not exceed 10% of the value of the contract. While granting extension in time attributable to the RIICO, reasons shall be recorded for each delay.

All the Unit Heads are, therefore, advised that the existing Clause-2 be substituted by new clause in the Contract Agreement, as above. This shall be applicable to all the agreements executed on or after 15.12.10.



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