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RAJASTHAN STATE INDUSTRIAL DEVELOPMENT & INVESTMENT  
CORPORATION LTD. UDYOG BHAWAN : TILAK MARG: JAIPUR-05

No. : IPI/F-1(6)-23/237  
Dated : 8 July, 2014

CIRCULAR

As per clause 37(C) of contract agreement and Office Order No. ACE/Tech-1344 dated 09.07.2012 the security deposit is refundable after expiry of satisfactory completion of Defect Liability Period (DLP). During Audit of Accounts undertaken by AG, Rajasthan, Jaipur, it was observed that defects during Defect Liability Period are not attended by the contractors regularly and timely. An Office Order No IPI/F-1(6)-23/2011/764 dated 14.11.2011 was issued for inspecting each work, after completion, at regular intervals and to take immediate action for rectification of the defects found, if any, during the DLP.

In above reference, it is once again reiterated that

- (i) Regular inspections, at least once in every three months for each work will be carried out by Unit Head and concerned Engineer-in-charge of the unit and a record of the same in the Performa (DLP-1) will be maintained in each work file for the work costing Rs. 25.00 lacs and above. It shall be responsibility of the Unit Head and Finance head of the unit office to ensure that defects are attended during specific time limit as allowed by Unit Head and it is to be further checked before the refund of security deposit that the reports of quarterly inspection and its satisfactory compliance are available and should be made part of the concerned tender file. For works costing less than Rs. 25.00 lacs, the same time frame or even less as may be required, is to be adopted for periodic inspections and rectification of the damages be attended in shortest possible period. This will come in force with immediate effect, therefore, no case of refund of security deposit/performance guarantee shall be approved without a reference to the inspection reports.
- (ii) A separate report in the Performa DLP-2 is also to be maintained at Unit Office and shall be apprised to Nodal Officer during their visit. A copy of DLP-2 is also to be sent to Technical cell on quarterly basis.

- (iii) In case contracting agency fails to rectify the defects within stipulated period as notified to him by the Unit Head concerned under contract agreement by registered AD letter on latest address as available on record of Unit Office, the Unit Head shall serve a final registered notice allowing 15 days time, to be reckoned from the date of issue of notice to rectify the defects. It is noteworthy that the defect liability period shall deemed to be extended as long as defects remain to be corrected. Every time notice of Defect /Defects is given, the contractor shall have to correct the notified Defect /Defects within the duration of time specified in the notice. In case the contracting agency does not respond to the notice and fails in rectification of defects, it shall be the responsibility of Unit Head to immediately get the defects removed at the risk and cost of the contracting agency. Action such as encashment of Bank Guarantee and action under enlistment rules etc. shall also be taken against the contracting agency by the competent authority.

All the unit head are directed to ensure strict compliance of the above directions. This circular be also made part of the contract agreement executed on after issuance of this order.

Copies of Office Order No ACE/Tech.-1344 dated 09.07.2012 and Office Order No. IPI/F-1(6)-23/2011/764 dated 14.11.2011, Performa DLP-1 & DLP-2 are enclosed for ready reference.

  
(Veenu Gupta)  
Managing Director

Encl. : As above.

Copy to :

1. Financial Advisor
2. Advisor (Infra)
3. GM (IA)
4. AGM (Civil)
5. AGM(Tech.)
6. AGM(F-IPI)
7. All Unit Office.....

**RAJASTHAN STATE INDUSTRIAL DEVELOPMENT AND INVESTMENT CORPORATION LIMITED, UDYOG BHAWAN, TILAK MARG, JAIPUR -5.**

No. IPI/F-1(6)-23/2011/ 764  
Dated: 14 November, 2011

Office Order

Sub:- Refund of security deposit to contractor after expiry of defect liability period and due maintenance of executed works during the period of contract.

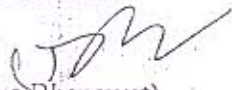
As per clause 37(c) of contract agreement, the security deposit is refundable after expiry of following period in respect to works awarded to contractor after completion or expiry of one full rainy season (July to Sept.) or after expiry of defect liability and maintenance period, which ever is later, provided final bill is paid :-

S.No.	Cost of works (Rs. in lacs)	Defect liability period
1.	Works below Rs. 5.00 lacs	6 months
2.	Works above Rs. 5.00 lacs and upto Rs. 25.00 lacs	12 months
3.	Works above Rs. 25.00 lacs and upto 100.00 lacs	3 years
4.	Works above Rs. 100.00 lacs	5 years

During audit of accounts (I.R. 2010) undertaken by A.G. Rajasthan, Jaipur it has been observed that defects after completion of work, within the defect liability period were intimated in writing, yet not attended by the contractors. A.G. has further pointed out that the defects were attended just before the expiry of defect liability period so as to secure refund of security deposits. Management of the Corporation has also taken a serious note to this practice.

In this connection, it has been decided that all the concerned at unit office will inspect each work, after its completion, at regular intervals and as and when defects is noticed in the work during the defect liability period, it will be intimated to the contractor immediately for removing the same within a period 15 days from intimation. In case the defect-(s) are not attended by contractor, the same have to be got rectified by unit office immediately, at the risk and cost of the contractor, under intimation to contractor.

It shall be the responsibility of the concerned unit officer to ensure that the defect-(s) if any, noticed during the validity of defect liability period were timely attended before the security deposit is refunded to the contractor. A certificate to this effect shall be placed on file for record.



(Rajendra Bhanawat)  
Managing Director

Copy to :-

1. Financial Advisor, RIICO Ltd., Jaipur
2. Advisor (Infra.), RIICO Ltd., Jaipur
3. G.M. (F), RIICO Ltd., Jaipur
4. Sr. DGM.(F-IPJ), RIICO Ltd., Jaipur
5. DGM (IA), RIICO Ltd., Jaipur
6. AGM (Civil), RIICO Ltd., Jaipur
7. Sr. DGM (T), RIICO Ltd., Jaipur
8. Sr. R.M. (T), RIICO Ltd., Jaipur
9. R.M. (T), RIICO Ltd., Jaipur
10. Manager/Dy. Manager (F-IPJ), RIICO Ltd., Jaipur
11. All unit office.....

**RAJASTHAN STATE INDUSTRIAL DEVELOPMENT & INVESTMENT CORPORATION LTD. UDYOG BHAWAN, TILAK MARG, JAIPUR-302 005.**

No. ACE/Tech. - 1344  
Date: 09 July, 2012

**OFFICE ORDER**

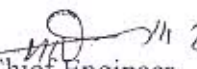
Management of the Corporation has decided to adopt norms of PWD relating to refund of security deposits for all the works (original/special repair & maintenance/renewal etc) as follows:

- In case of contracts relating to hiring of trucks and other T&P, transportation including the loading, unloading of materials, the amount of security deposit is refundable along with the final bill.
- Supplies of materials: As per provisions of the GF&AR.
- Ordinary repairs: Three months after completion of the work provided of final bill has been paid.
- Original works/special repair work: Security deposit will be refunded 6 months after completion or expiry of one full rainy season, or after expiry of defect liability period, as defined in the special condition of agreement, whichever is later provided the final bill has been paid.
- In case of original works/special repair works costing more than Rs.10 lacs, partial amount of security deposit will be refunded during the defect liability period @10% of SD amount after lapse of one year of completion and thereafter 10% of original amount of SD at the end of each subsequent year. The remaining amount of SD be refunded after the expiry of defect liability period.

All the cases relating to the defect liability period and refund of security deposit shall be dealt as per the norms of PWD. However, as a general relaxation to the above, it has been decided that in no case the defect liability period will be more than 3 years. Further, for the works involving only labour component, security deposit shall be refunded alongwith the final bill.

This shall be applicable from the date of issue of this order and in all the cases where NIT is issued after the issuance of this order.

This bears approval of the Managing Director.

  
Addl. Chief Engineer


9/7/12

Copy to:-

- Addl. Chief Engineer
- AGM (T)/Sr. DGM (T-1)/Sr. DGM (T-II)
- All unit heads, RIICO Limited with the advise to make it a part of the agreement.
- All Technical Officers of Technical Cell

Copy also to :-

- Sr. PS to MD for information of Managing Director.

  
Addl. Chief Engineer

9/7/12

DETAILS OF INSPECTIONS DURING DEFECT LIABILITY PERIOD

(Ref : Office Order No..... dated.....)

NAME OF WORK : .....

DATE OF ACTUAL COMPLETION OF WORK : .....

DATE OF EXPIRY OF DLP : .....

S.No.	Inspections	Date of inspection	Observations of inspection team	Action taken by Unit Office	Nature of defects attended by contractor	Date of communication to contractor and actual date of repair of defects	Present status	Remarks as to satisfactory performance and pending compliance
I								
II								
III and so on								

Note : In case contractor has failed to attend the defects, action taken by Unit Office shall also be mentioned.

Name & Signature of concerned Engineer-in-charge (ARM/RM)

Name & Signature of Unit Head

STATEMENT SHOWING THE DETAIL OF WORKS COVERED UNDER DEFECT LIABILITY PERIOD  
(POSITION AS ON.....)

S. No.	Name of work	Contracting Agency	Total amount of work done	Actual date of completion of work	Defect Liability Period	Due date of refund of SD	Date of last inspection	Details of inspection report	Action taken by unit office in case of any defects in respect of last inspection	Corrective action taken by contractor	Present status of defects
1	2	3	4	5	6	7	8	9	10		11

Name & Signature of Accounting Head

Concerned Engineer-in-charge (ARM/RM)

Name & Signature of Unit Head