

**GOVERNMENT OF INDIA
DEPARTMENT OF ATOMIC ENERGY
DIRECTORATE OF PURCHASE & STORES**

SECTION – 1

**GENERAL CONDITIONS OF CONTRACT
APPLICABLE TO THE CONTRACTS FOR IMPORTED STORES
PLACED BY
THE DIRECTORATE OF PURCHASE AND STORES
OF
THE DEPARTMENT OF ATOMIC ENERGY**

1. PREAMBLE

- 1.0 While the conditions contained in Section I will apply to all contract, Section II will also apply to contract for Plant/Machinery/Equipment/Instrument.

2. GENERAL CONDITIONS OF CONTRACT

2.1 DEFINITIONS AND INTERPRETATION

- 2.1.1 In the Contract and the general and special conditions governing it, unless the context otherwise requires.

- (a) “PURCHASER” means the President of India and includes his successor or assigns.
- (b) “DIRECTOR, PURCHASE & STORES” means the Director, Purchase and Stores of the Government of India, Department of Atomic Energy, for the time being in the administrative charge of the Directorate of Purchase and Stores and include Regional Director, Purchase and Stores, Deputy Directors, Purchase and Stores, Purchase Officer or Assistant Purchase Officer of the Directorate of Purchase and Stores of the Department of Atomic Energy or any other officer authorized for the time being to execute contracts relating to the purchase and supplies of stores on behalf of the purchaser.
- (c) “CONTRACTOR” or “SUPPLIER” means the individual firm or company with whom or with which the contract/purchase order for supply of stores is placed and shall be deemed to include his successors, heirs, executors, administrators and permitted assignees as the case may be.
- (d) “CONTRACT” or ‘PURCHASE ORDER’ means and comprises of a Letter or ‘Cable’ (‘Followed by a written confirmation’) conveying acceptance of contractors offer and invitation to tender, tender containing offer advance

acceptance of the offer, general and special conditions of contract specified in the acceptance of offer and any subsequent amendments/alteration thereto made on the basis of mutual agreement.

- (e) "STORES" or 'MATERIAL' means the goods specified in the contract/ purchase order which the contractor has agreed to supply under the contract.
- (f) "SUB CONTRACTOR" or "SUB SUPPLIER" means any contractor or supplier engaged by the contractor or the supplier with the prior approval of the Purchaser in relation to the contract / purchase order.
- (g) "INSPECTOR or QUALITY SURVEYOR" means any Engineer belonging to any of the constitute unit of the Department of Atomic Energy, Government of India or their appointed Consultants or Quality Surveillance Agency or any other person from time to time authorized by the Purchaser to act as his representative for the purpose of inspection of stores under the contract / purchase order.

2.1.2 PARTIES

2.1.2.1 The Parties to the contract are the Contractor and the Purchaser named in the Contract / Purchase order.

2.2 AUTHORITY OF PERSON SIGNING THE CONTRACT ON BEHALF OF THE CONTRACTOR

2.2.1 The person signing the contracts or the purchase order or any other document in respect of the contract or purchase order on behalf of the contract or shall be deemed to warrant that he has the authority to bind the contractor.

2.3 SUB CONTRACTING

2.3.1 The Contractor / Supplier shall not assign, sublet or delegate the contract or any part thereof without the Purchaser's prior written consent, which consent shall not be unreasonably withheld but he may without the Purchaser's consent purchase such parts, accessories or associated as he does not normally manufacture.

2.4 DRAWING AND SPECIFICATION

2.4.1 The drawings and specifications are intended to be complementary and to provide for and comprise everything necessary for the completion of supply. Any material shown in the drawings even if not particularly described in the specification or vice versa is to be supplied by the Contractors as if it were both shown and specified.

2.4.2 Should any discrepancy be noted in the drawings and / or specifications and should any interpretation of the same be required, the matter shall be referred to the Purchaser for clarification which shall be binding upon the contractor.

Otherwise, the contractor shall assume responsibility for the interpretation of the drawings and specifications including interpretations by his sub-contractors.

- 2.4.3 Should any difference of dispute arise with regard to the true intend and meaning of drawing of specification or should any portion of the same be obscure or capable of more than one interpretation, the same shall be decided by the Purchaser whose decision shall be final.
- 2.4.4 All lettering on the drawing is to be considered as part of the specification and contract. In all cases figured dimensions are to be followed rather than those indicated by scale, Large scale drawings will take precedence over smaller scale drawings.
- 2.4.5 The contractors drawings shall when approved by the Purchaser be deemed to be included in the list of drawings which form part of the contract. The contractor shall not proceed with fabrication until all drawings associated therewith have been duly approved by the Purchaser.
- 2.4.6 The Contractor shall be responsible for and shall pay for alteration of the stores and shall indemnify the purchaser for any consequent expenditure incurred by the Purchaser due to any discrepancies, errors, omissions in the drawings or other particulars supplied by him whether such drawings or specifications have been approved by the Purchaser or not provided that such discrepancies, errors, or omissions be not due to inaccurate information or specification furnish to the contractors on behalf of the Purchaser.

2.5 GENERAL WARRANTY

- 2.5.1 The stores supplied by the contractor under the contract shall be of best quality and workmanship. The contractor shall supply the stores in accordance with the contract specifications unless any deviation has been expressly specified in the contract and any amendments agreed thereto.
- 2.5.2 The contractor's offers to supply stores in accordance with the tender specifications shall be deemed to be an admission on his part that he has fully acquainted himself with the details thereof and no claim shall lie against the Purchaser on the ground that the contractors did not examine or acquaint himself fully with the tender specification.

2.6 ALTERATION

- 2.6.1 The Purchaser may, from time to time make changes in the drawings, specification and issue additional instructions without altering the purchase order in any manner provided that no changes shall have been ordered which materially alter the character and scope of the supply under the contract.

2.6.2 It shall be lawful for the parties to the contract to alter by mutual consent at any time and from time to time the drawings and specifications and as from the dates specified by him. Stores to be supplied shall be in accordance with such altered drawings and specifications provided that if any such alteration in invoice increase or decrease in the cost of or in the period required for production, a revision of the contract price and / or of the period prescribed for delivery shall be made by mutual agreement in respect of the stores to which the alteration applies. In all other respect the contract shall remain unaltered.

2.7 PACKING

2.7.1 The contractor shall pack the stores at his own cost, sufficient and properly for transit by Sea/Air as the case may be so as to ensure their being free from loss or damage while in transit to the ultimate destination specified in the contract.

2.7.2 Unless otherwise provided in the contract all containers (including packing cases boxes, tins, drums and wrappings) in which the stores are supplied by the contractor shall be considered as property of the purchaser and their cost as having been included in the contract price.

2.8 INSPECTION

2.8.1 The Contractor shall be responsible for and perform all inspection and testing required in accordance with the contract / purchase order and specification included therein.

2.8.2 The Purchaser may at his opinion depute his representative for inspection of the stores to be supplied under the contract or authorize and nominate a Quality Surveillance Agency of Choice for the purpose hereinafter called, in either case the Inspector.

2.8.3 The supplier shall give notice of readiness for inspection to the inspector (deputed under clause 2.8.2 above) so that the inspector can be present at the requisite time, in such an event delivery shall not be effected until an authorization or shipping release is obtained from the purchaser's Inspector.

2.8.4 The contractor shall allow reasonable facility and free access to his work / factory and records to inspector for the purpose of inspection or for ascertaining the progress of delivery under the contract.

2.9 MARKING

2.9.1 Each package delivered under the contract shall be marked by the Contractor at his own expense on three sides of the package and such markings shall be distinct and shall clearly indicate the description and quantity of stores, name and of the consignee, gross and net weight of the package, name of the contractor, ultimate destination, port of discharge, etc.

The marking shall generally be as under:

Name and address Of the Consignee	Government of India Department of Atomic Energy Directorate of Purchase & Stores Madras Regional Purchase Unit 6 th Floor, Shastri Bhavan 4 Haddows Road Chennai 600 006. INDIA
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Contract Number and Date	No.....
Brief description of Goods	Date.....
Weight	
Dimension	
Ultimate Destination	
Port of Discharge	
Package Number	

2.9.2 Each package shall contain a packing note specifying the name and address of the contractor, the number and date of the contract purchase order, name and address of the consignee, description of the stores and the quantity contained in such package.

2.9.3 The Inspector, wherever deputed by the Purchaser under clause 2.8.2 may reject the stores if the stores are not packed and / or marked as aforesaid and in case where the packing materials are specifically prescribed, if such materials are not in accordance with the terms of the contract.

2.10 TIME FOR AND DATE FOR DELIVERY – THE ESSENCE OF CONTRACT

2.10.1 The time for and date of delivery of the stores stipulated in the contract shall be deemed to be of the essence of the contract and delivery must be completed not later than date / dates stipulated.

2.10.2 EXTENSION OF DELIVERY SCHEDULE

2.10.2.1 If any delay in delivery shall have arisen from any cause such as strikes lockouts fire, accidents riot or the like which the purchaser may admit as reasonable ground for grant of extension of delivery schedule, the purchaser will

allow such additional period for the purpose as he may consider necessary taking the circumstances into consideration.

2.10.3 If the contractor fails to deliver the stores or any installment or part thereof within the period fixed for such delivery or such additional period allowed by the purchaser in accordance with foregoing Para or anytime before the expiry of such period repudiates the contract, the Director, Purchase and Stores may without prejudice to the rights of the Purchaser.

- (i) recover from the contractor as agreed liquidated damages and not by way of penalty a sum equivalent to two percent of the price of any stores which the contractor has failed to deliver within the period fixed for delivery in the contract or such additional period as mentioned in para 2.10.2.1 for each month or part of a month during which the delivery of such stores, may be in arrears where delivery thereof is accepted after expiry of the aforesaid period (For the purpose of computing the damages for delayed supplies under the clause the cost of the entire plant / machinery / equipment / instrument will be taken into consideration if the plant / machinery / equipment / instrument cannot be put to the intended use for want of delayed portion of supply).

Or

- (ii) purchase or authorize the purchase elsewhere without notice to contractor, on the account and at the risk of the contractor of the stores not so delivered or others of a similar description (where stores exactly complying with the contract specifications are not in the opinion of the Director, Purchase and Stores which opinion shall be final, readily procurable) without canceling the contract in respect of the portion instrument not yet due for delivery.

Or

- (iii) cancel the contract or a portion thereof and if so desired purchase or authorize purchase of the stores not so delivered or others of a similar description (where stores exactly complying with the contract specifications are not in the opinion of the Director, Purchase and Stores which opinion shall be final, readily procurable) at the risk and cost of the contractor. If the contractor has defaulted in the performance of the original contract, the purchaser shall have the right to ignore his offer in response to risk purchase enquiry even though the lowest.

2.10.4 Where action is taken under sub-clause (ii), sub-clause (iii) of para 2.10.3 the contractor shall be liable for any loss which the Purchaser may sustain on that account provided the purchaser or, if there is an agreement to purchase such agreement is made, in case of failure to deliver the stores within the period fixed for such delivery within six months from the date of such failure and in case of repudiation of the contract before the expiry of the aforesaid period of delivery

within six months from the date of cancellation of the contract. The contractor shall not be entitled to any gain on such purchase and the manner and method of such purchase shall be in the entire discretion of the Director, Purchase and Stores. It shall not be necessary for the purchaser to serve a notice of such purchase on the contractor.

2.11 RECTIFICATION AND REPLACEMENT OF DEFECTIVE STORES

2.11.1 If the inspector finds that contractor has executed any unsound or imperfect work, the Inspector shall notify such defects to the contractor and the contractor on receiving the details of such defects or deficiency, shall at his own expenses, within seven days or otherwise within such time as may be mutually agreed upon as reasonably necessary proceed to alter, reconstruct or remanufacture the stores to the requisite standard and specification as called for by the tender specifications.

2.12 INSPECTOR'S AUTHORITY TO CERTIFY PERFORMANCE

2.12.1 The Inspector wherever deputed by the Purchaser under Clause 2.8.2 shall have the power.

- (a) before any stores or part thereof submitted for the inspection to certify that they cannot be in accordance with the contract owing to the adoption of any unsatisfactory method of manufacture
- (b) reject any stores submitted for inspection or part thereof as not being in accordance within the specification

2.13 CONSEQUENCE OF REJECTION

2.13.1 If on the store being rejected by the inspector of consignee at the destination the contractor fails to make satisfactory supplies within the stipulated period of delivery, the Director, Purchase and Stores may :

- (a) allow the contractor to submit for inspection fresh stores in replacement of those rejected, within specified time, the contractor bearing the cost of freight on such replacement without being entitled to any extra payment on that account.

OR

- (b) purchase or authorize the purchase of quantity of the stores rejected or others of similar description (where stores exactly complying with the specification are not in the opinion of the Director, Purchase and Stores which opinion shall be final) readily available without notice to the contractor at his risk and cost and without affecting the contractor's liability as regards further supply of stores due under the contract.

- (c) Cancel the contract and purchase of authorize the purchase of the stores or others of a similar description (when stores exactly complying with the specifications are not in the opinion of the Director, Purchase and Stores, which opinion shall be final) readily available at the risk and cost of the contractor, in the event of action being taken under sub-clause (b) above of this sub-clause, the provisions of Clause 2.10.3 shall apply as far as applicable.

2.14 WARRANTY

2.14.1 The contractor warrants that stores to be supplied under the contract shall be free from all defects and faults in materials, workmanship and manufacture and shall be of the highest grade and consistent with the established and generally accepted standards for stores of the types under the contract in full conformity with the specifications drawings or samples if any and shall if operable, operate properly. This warranty shall expire (except in respect of complaints notified to the contractor prior to such date) twelve months after the date of the last lot of stores under the contract at the ultimate destination stipulated in the contract.

2.14.2 Should any defect or deficiency in the stores supplied by the contractor under the contract appear or be discovered within 12 months from the date of receipt of the stores in India, the contractor upon notification of such defects or deficiency by Purchaser, shall forthwith take measure to certify every such defect deficiency or failure without cost to the Purchaser. If the contractor after such notification shall make default or delay in diligently rectifying all such defects, deficiencies or failure to the satisfaction of the Purchaser, the Purchaser may take recourse to the remedies provided for in Clause 2.10.2 as applicable.

2.15 PERMIT AND LICENCES

2.15.1 The Contractor shall secure and pay for all licences and permit at his end which he may required to comply with all laws ordinances and regulations of the public authorities in connection with the performance of his obligations under the contract. The contractor shall be responsible for all damages and shall indemnify and save the purchaser harmless from and against all claims for damages and liability which may arise out of the failure of the contractors to secure and pay for any such licences and permits or to comply fully which any and all applicable laws ordinance and regulations.

2.16 PATENT INDEMNIFICATION

2.16.1 The Contractor shall indemnify and keep indemnified the Purchaser from and against any and all claims, actions, costs, charges and expenses arising from or for infringement of patent rights, copy right or other protected rights, of any design plans, diagrams, drawings in respect of the stores supplied by the contracts or any

of the manufacturing methods of process adopted by contractor for the stores supplied under the contract.

2.16.2 In the event of any claim being made or action being brought against the purchaser in respect of the matter referred to clause 2.16.1 above, the contractor shall promptly be notified thereof and he shall at his own expense conduct all negotiations for the settlement of the same and any litigation that may arise there from.

2.16.3 In the event of any designs, drawings, plans or diagrams or any manufacturing methods of process furnished by the contractor constituting infringement of patent or any other protected rights and use thereof is restrained, the contractor shall procure for Purchaser, at no cost to the later, the rights to continue using the same or to the extent it is possible to replace the same so as to avoid such infringement and subject to approval by the Purchaser or modify them so that they become non infringing but such modifications shall otherwise be to the entire satisfaction of the Purchaser.

2.16.4 The provisions of the clause shall remain effective and binding upon the Contractor even after the completion, expiration or termination of the contract.

2.17 MODE AND TERMS OF PAYMENT

2.17.1 Unless otherwise specified in the contract, payment in full (excluding the amount of the commission included in the price payable directly by the Purchaser to the Indian Agent in Indian Rupees) shall be made within fifteen days from the date of presentation of the following documents to the Purchaser's Bank specified in each contract:

- (a) Negotiable Bill of Lading or Airway Bills as the case may be evidencing Shipment
- (b) Invoice for the Shipment : Four copies
- © Packing List : Four copies
- (d) Certificate of Country of Origin : Two copies
- (e) Shipping release from Inspector to Quality :
Surveillance Agency nominated by the
Purchaser for the purpose of Inspection : Four Copies
- (f) Certificate of Quality including work test
Certificates of Chemical Analysis where
Applicable : Two copies
- (g) Bank Guarantee for the specified percentage :
Of the value of contract in respect of plant
(machinery/equipment, provided for in
Clause 2.22.8 of Section II

2.17.2 The Contractor shall be responsible to make available to the Purchaser the documents which are essential for arranging customs clearance in India. The contractor shall arrange through his bank to have the documents airmailed to the Purchaser's bank without any delay. He shall also arrange to forward directly to the Director, Purchase & Stores, three copies of non negotiable Bill of Lading or Airway Bill as the case may be, along with a copy of the Invoice and packing list. If the Purchase incurs any extra expenditure by way of penalty payable to the Port Trust Authorities in India or any other such expenditure due to delay in receipt of shipping documents specified by him, the contractor shall be responsible for making good extra expenditure incurred by the Purchaser.

2.17.3 BANK CHARGES

2.17.3.1. While the Purchaser shall bear the bank charges payable to his Bankers (State Bank of India, Bombay / Chennai) the Contractor shall bear the bank charge payable to his Bankers including the charges towards advertising / amendments commission.

2.17.4 AGENCY COMMISSION

2.17.4.1 The amount of commission included in the price and payable to the Indian Agents of the contract shall be paid directly to the Indian Agents by the Purchaser in equivalent Indian Rupees on the basis of an Invoice from the Indian Agent. "Payment will be released to the Indian Agents after receipt and final acceptance of the goods by the Purchaser and the exchange rate will be the one based on which payment is made to the contractor.

2.17.4.2 The Contractor shall invoice only for the net amount payable to him after deducting the amount of agency commission included in the invoice which would be paid to the Indian Agents directly by the Purchaser. However, the Contractor's invoice should separately reflect the amount of commission payable to his Indian Agent.

2.18 INSURANCE

2.18.1 Transit insurance from warehouse to warehouse shall be arranged by the Purchaser through his underwriters unless this responsibility is specifically entrusted to the Contractor in any particular case.

2.19 WITH-HOLDING AND LIEN IN RESPECT OF SUMS CLAIMED

2.19.1 Whenever any claim or claims for payments of a sum of money arises out of or under the contract against the contractor, Purchaser shall be entitled to withhold and have a lien to retain to the extent of such claimed amount, from any sum of sums found payable or which at any time thereafter may become payable to the contractor under the same contract or any other contract with the Purchaser or any

person contracting through the Director, Purchase and Stores pending finalization of any such claims.

2.19.2 It is an agreed term of the contract that the sum of money or monies so withheld or retained under the lien referred to above by the purchaser will be kept withheld or retained as such by the Purchaser till the claim is arising out of or under the contract is determined by the Arbitrator and that the Contractor will have no claim for interest or damage whatsoever on any contract in respect of such withholding or retention under the lien referred above para and duly notified as such to the contractor.

2.20 LIEN IN RESPECT OF CLAIMS IN OTHER CONTRACTS

2.20.1 Any sum of money due and payable to the Contractor (including the security deposit returnable to him) under contract may be withheld or retained by way of lien by the Purchaser or any other person or persons contracting through the Director, Purchase and Stores against any claim of the Purchaser or such other person or persons in respect of payment of a sum of money arising out of or under any other contract made by the contractor with the Purchaser or with other such person or persons.

2.20.2 It is an agreed term of the contract that the sum of money so withheld or retained under this clause by the Purchaser will be kept withheld or retained as such by Purchaser till this claim arising out of in the same contract or any other contract is either mutually settled or determined by the arbitrator, and that the contractor shall have no claim for interest or damages whatsoever on this account or on any other ground in respect of any sum of money withheld or retained under this clause and duly notified as such to the contractor.

2.21 ARBITRATION

2.21.1 All disputes arising in connection with the present contract shall be finally settled under the Rules of Conciliation and Arbitration of the International Chamber of Commerce by one or more Arbitrators appointed in accordance with the said Rules.

PART II

SECTION II

In addition to the General Conditions of contract contained in Section I above the following Special Conditions shall apply to contracts for supply of plant / machinery / equipment / manufactured equipment. These special conditions where they differ from the general conditions in Section I shall over ride the later.

2.22 SPECIAL CONDITIONS OF CONTRACT

2.22.1 RESPONSIBILITY FOR COMPLETENESS

2.22.1 All fittings or accessories which may not be specifically mentioned in the tender specifications of the contract but which are necessary, are to be provided by the contractor without extra charge and the plant / machinery / equipment / instruments must be complete in all details.

2.22.2 FINAL TEST

2.22.2.1 The final tests as to performance and guarantee shall commence within one month of completion of installation.

2.22.3 REJECTION OF DEFECTIVE PLANT

2.22.3.1 If the completed plant or any portion thereof before it is finally accepted is found to be defective or fails to fulfill the requirements of the contract. The Purchaser shall give the Contractor notice setting forth with the details of such defects or failure and the contractor shall forthwith rectify the defective plant or after the same to make it comply with the requirement of the contract. Should the contractors fail to do so within a reasonable time the Purchaser may reject and replace at the cost of the Contractor, the whole or any portion of the plant as the case may be, which is defective or fails to fulfill the requirement of the contract. Such replacement shall be carried out by the Purchaser within a reasonable time and at reasonable price and where reasonably possible to the same specifications and under competitive conditions. The Contractor shall be liable to pay to the Purchaser the extra cost, if any, of such replacement delivered and / or erected as provided for the contract such extra cost being the difference between the price paid by the purchaser under the provisions above mentioned for such replacement and the contract price for them, Contractor shall refund to Purchaser any sum paid by the Purchaser to the Contractor in respect of such defective plant.

2.22.4 WARRANTY

2.22.4.1 For a period of twelve calendar months after the plant / machinery / equipment / instruments has been put into operation (or for a suitable mutually agreed longer period to be reckoned from the date of last major shipment depending upon the nature of the plant / machinery / equipment / instrument) the Contractor shall be responsible for any defects that may develop under conditions provided for by the contract and under proper use, arising from the faulty materials, design or workmanship in the plant or from faulty erection of the plant by the Contractor but otherwise and shall rectify such defects at his own cost when called upon to do so by the Purchaser who shall state in writing such defects.

2.22.4.2 If it becomes necessary for the Contractor to replace or renew any defective portions of the plant for purpose of rectification under this clause, the provisions of this clause shall apply to the portions of the plant so replaced or renewed until the expiration of six months from the date of such replacement or renewal or until the end of above mentioned period of twelve months whichever may be the later. If any defects be not rectified within reasonable time, the purchase may proceed to get the work done at contractor's risk and expenses but without prejudice to any other rights which the Purchaser may have against the Contractor in respect of such defects.

2.22.4.3 All inspections, adjustment replacements or renewal carried out by the Contractor during the warranty period shall be subject to the same conditions as in the contract.

2.22.5.1 All Contractor shall undertake that before going out of production of the spare parts he will give adequate advance notice to the Purchaser so that the later may order his requirement of spares in one lot if he so desires.

2.22.5.2 The Contractor shall further guarantee that if he goes out of production of spare parts he will give adequate advance notice to the Purchaser so that the later may order his requirement of spares in one lot if he so desires.

2.22.5.3 The provision of this clause shall remain effective and binding upon the Contractor even after the completion or expiration of the contract and till the plant / machinery / equipment supplied under the contract is in use by the Purchaser.

2.22.6 ERECTION AND COMMISSIONING

2.22.6.1 In all cases where contracts provide for supervision of erection and commissioning or for test at the Purchaser's premises the Purchaser except where otherwise specified, shall provide free of charge such labour Materials, fuels, stores, apparatus and instruments as may be required from time to time and as may reasonably be demanded by the contractor to carry out efficiently such supervision of erection and commissioning and for the requisite test. In case of contracts requiring electricity for the completion of erection, commission and testing at site, such electricity shall be supplied free to the Contractor.

2.22.6.2 TIME FOR COMPLETION OF ERECTION

2.22.6.2.1 The time agreed for completion of erection and commissioning shall be the essence of the contract and should any delay or default occurs on the part of the Contractor, the Purchaser, shall have the right to make alternative arrangement to carry out erection and commissioning of the Plant / Machinery / Equipment / Instrument and the Contractor shall be

liable to pay to extra expense that may be incurred by the Purchaser on this account.

2.22.6.2.2 Action by the Purchaser under the clause shall not relieve the contractor of his warranty obligations under the contract.

2.22.7 TRAINING

2.22.7.1 The Contractor shall, if required by the Director, Purchase and Stores provide facilities for the practical training of purchases engineering or technical personnel from India and their active association on the manufacturing processes throughout the manufacturing period of the contract / stores, number of such personnel to be mutually agreed upon.

2.22.8 SECURITY DEPOSIT AND PERFORMANCE BOND

2.22.8.1 The Contractor shall at the opinion of the Purchaser and within the period prescribed by him shall furnish Security Deposit not exceeding 10% of the contract value in the form of :

a) Bank Guarantee from the State Bank of India

OR

b) Demand draft drawn on the State Bank of India, Chennai.
If the contractor fails to provide Security Deposit as above within the stipulated time limit or within the extended time granted by the Purchaser shall constitute a breach of the contract and the Purchaser shall be entitled to make other arrangements for the repurchase of the Stores / Equipment contracted for at the risk and expense of the Contractor and or to recover from the Contractor damages arising from such cancellation. The Bank Guaranteeing Bank without any reference to Contractor.

In the event the supplier's failure to perform the Contract satisfactorily, Purchaser shall be at liberty to retain the Security Deposit either in full or in part as the circumstances may warrant.

2.22.8(2) PERFORMANCE BOND

The Contractor shall furnish a performance bond in the form of a bank guarantee as per the specimen at Appendix "A" to this section for an amount equal to ten percent of the total value of the contract valid till expiration of the warranty period as a security for the satisfactory performance of the plant / machinery / equipment / instrument supplied under the contract.

