

GENERAL CONDITIONS OF CONTRACT FOR SUPPLY

Article No. Particulars

01. Definitions
02. Parties to the Contract
03. Responsibility for execution the contract
04. Specification & Samples
05. Return of Specifications. Drawing, Certified samples etc.
06. Packing
07. Delivery and Risk Purchase
08. Inspection & Rejection
09. Recovery of Sums due
10. System of payment
11. Laws governing the contract
12. Indemnity
13. Bribes, commission, corruption, gift etc.
14. Insolvency and breach of contract
15. Force majeure
16. 16 Arbitration clause for contract where contract price is Rs.5 lakhs & above.
17. Arbitration clause for contracts where contract price less than Rs.5 Lakhs.
18. Headings of articles
19. Non-Waiver of Defaults
20. General
21. Jurisdiction.
22. Liquidated Damages

Article-1: DEFINITIONS

The following terms or expressions as used in the General Conditions of Contract and in the appertaining Invitation to Tender and Tender specifications, shall have the meaning defined, hereunder:

- 1.1 Purchase shall mean Rashtriya Ispat Nigam Ltd, Visakhapatnam Steel Plant incorporated under the companies Act 1956 having their registered office at Main Administrative Building, Visakhapatnam - 530031 and shall include their successors or assigns.
- 1.2 "The Contractor" shall mean the person firm or Company whose tender has been accepted and shall be deemed to include his/its/their successors, (approved by the Purchaser), representatives, heirs, executors and administrators unless excluded by the Contractor.
- 1.3 The "Contract" shall mean and include Invitation to Tender (ITT), Acceptance of Tender (A/T) and amendments to A/T thereof issued by the Purchaser in writing and General Conditions of Contract for supply.
- 1.4 "Stores" shall mean all or any part of materials and/or services as per the description of Stores in the Acceptance of Tender.
- 1.5 "Delivery" shall mean delivery of the stores acceptable to Purchaser as per the Acceptance of Tender and as per delivery schedule indicated in the Acceptance of Tender.
- 1.6 "The Inspector" shall mean any person or agency nominated by or on behalf of the Purchaser to inspect Stores under the Contract.
- 1.7 "Contract price" shall mean the sum accepted by Purchaser or the sum calculated in accordance with the prices accepted by the Purchaser as indicated in the acceptance of Tender.
- 1.8 "Test" shall mean such test or tests as are prescribed by the specification or considered necessary by the Inspector.

Article -2: PARTIES TO THE CONTRACT

- 2.1 The parties to the Contract are the Contractor and the Purchaser
- 2.2 Authority of person signing documents: A person signing the tender or any other documents forming part of the Contract on behalf of another shall be deemed to warrant that he has authority to bid such other tender.
- 2.3 **Notices on behalf of the Purchaser:** Notices on behalf of the Purchaser, in connection with the Contract, may be given by any authorised officer of the Purchaser dealing with the contract.

Article -3: RESPONSIBILITY FOR EXECUTING THE CONTRACT

- 3.1 **General:** The Contractor is to be entirely responsible for the execution of the Contract in all respects in accordance with the terms and the conditions as specified in the Acceptance of Tender. Any approval which the Inspector may have given in respect of the Stores (whether with or without the Test carried out by the Contractor or the Inspector) shall not bind the Purchaser and notwithstanding any approval or acceptance given by the Inspector, it shall be lawful for the Purchaser to reject the Stores on arrival at the destination or when put to use if it is found that the Stores supplied by the Contractor are not in conformity with the terms and the conditions of the Contract.
- 3.2 **Subletting of Contract:** The Contractor shall not sublet, transfer or assign the contractor any part thereof to any one without the written permission of the Purchaser. In the event of Contractor contravening this condition, the Purchaser shall be entitled to cancel the Contract and to purchase the same or similar Stores elsewhere on the Contractor's account and at his risk and cost.
- 3.3 **Acceptance of the higher tender:** If a contract is placed on a higher tender as a result of this Invitation to Tender in preference to the lowest acceptable offer on consideration of offer of earlier delivery, the tenderer will be liable to pay to Visakhapatnam Steel Plant the difference between the contract rate and that of the lowest acceptable tender in case of failure to complete supplies in terms of such contract within the date of delivery specified in the tender and incorporated in the contract. This is without prejudice to other rights under the terms of contract.

3.4 TAXES AND DUTIES:

3.4.1 GST:

- i) Tenderers shall quote the price of the goods or services, excluding Tax (GST etc.). Applicable GST shall be indicated against each item and will be paid extra on submission of tax invoice`

In case Tenderer opted for composition scheme, GST will not be charged extra and the price quoted includes the GST applicable to composite scheme. Tenderers have to specify that they have opted for composition scheme and GST is included as applicable for composition

- ii) During the original contractual delivery schedule, in case the rate of GST for relevant Item varies on account of statutory amendments to the Act or Rules made after the date of Acceptance of Tender, the same is to the account of Purchaser.
- iii) After the expiry of original contractual delivery schedule, provided the Purchaser accepts the Stores, rate of GST prevailing on the date of delivery, either same / lower will be payable. In case rate of GST is higher w.r.t. the rate of GST mentioned in Purchase Order (s), after the contractual delivery date, and the delay in delivery, if any, is not attributable to RINL, the GST amount as originally mentioned in the PO will be paid.
- iv) Any credit/relief/refund/concession allowed or allowable to the supplier under any Act/Rules etc, made after the date of Acceptance of Tender shall be passed onto the Purchaser.

- 3.4.2 :** Vendor/supplier/contractor shall comply with all the necessary statutory compliances including but not limited to providing GST invoices or other documentation as per GST law relating to the above supply/service to RINL, uploading the details of the invoice, payment of taxes, timely filing of valid statutory returns for the tax period in the Goods and Service Tax Portal.

In case the Input Tax Credit of GST is denied or demand is recovered from RINL on account of any act of the Vendor, including but not limited to non-payment of GST charged and recovered, non-generation of E-Way Bill, non-filing of Returns, non-uploading/ improper uploading of valid invoices raised on RINL in the Returns etc., the Vendor/supplier/contractor shall indemnify RINL in respect of all claims of tax, penalty and/or interest, loss, damages, costs, expenses and liability that may arise due to such non-compliance. Such amount shall be recovered from any payments due to the vendor/ supplier/contractor or from security deposit or any other amount available with RINL in the same contract or in other contracts including future contracts.

If any tax has been paid by the vendor/supplier/contractor in pursuance of any demand on account of suppression, fraud or wilful misstatements of facts; then the same shall not be passed on to RINL through debit notes or invoices or supplementary invoices

3.4.3 GENERAL

- i) Any new taxes and duties leviable on the subject contract due to change in legislation during the contract period shall be reimbursed subject to the applicability of the said Act to the contract to the satisfaction of Purchaser and production of documentary evidence after availing of statutory concessions, benefits etc. In case of any repeal / removal of taxes and duties or reduction in rate in existing taxes and duties, the benefit shall be passed on to the purchaser.
- ii) The Contractor shall pay and bear all other liabilities, taxes and duties not specifically agreed to by the Purchaser in the contract.
- iii) Where the contract price is indicated in Indian Rupees, Foreign Exchange variations shall not be payable by Purchaser to the Contractor unless specifically provided in the Acceptance of Tender.

Article-4: SPECIFICATIONS AND SAMPLES

- 4.1 The Contractor shall supply the Stores in accordance with the specification / description of Stores given in the Acceptance of Tender
- 4.2 The Purchaser reserves the right to alter the description of Stores including Drawings given in the Acceptance of Tender. In the event any such alteration results in any implication to the delivery and price, such implications shall be mutually agreed between the Purchaser and the Contractor.
- 4.3 In case certified sample has been issued by the Purchaser and the specifications/drawings also exists in the Acceptance of Tender then the certified sample will govern the supply only to the extent of material (if material specifications are not stipulated in A/T), workmanship and finish. However, if neither a specification nor drawing has been mentioned in the Acceptance of Tender then certified sample issued by the Purchaser shall govern the supply of Stores in all respects.
- 4.4 Where neither specifications/drawings nor samples have been given by the Purchaser and a sample submitted by the Contractor has been approved, the Stores shall conform to the sample submitted by the Contractor and approved by the Purchaser.
- 4.5 If any discrepancies are noticed in the drawings, the Contractor shall bring such discrepancies to the notice of the Purchaser whose decision shall be final. If certified/approved sample differs with the specification/description of Stores given in the Acceptance of Tender, the Contractor shall bring the discrepancy to the notice of the Purchaser and obtain the decision of the Purchaser with regard to final specification/description of the Stores to be supplied.
- 4.6 **Submission of samples:** Submission of samples will be governed by the following:
 - 4.6.1 **Marking:** All samples submitted must be clearly labelled with the Contractors name and address and the Acceptance of Tender Number and date.
 - 4.6.2 **Advance sample:** Where an advance sample is required to be approved before effecting the bulk supplies, the Contractor shall submit the sample within the time specified in the Acceptance of Tender. If the Contractor is unable to do so, he must apply immediately to the office issuing the Acceptance of Tender for extension of time, stating the reasons for the delay. If the Purchaser is satisfied that a reasonable ground for an extension of time exists such additional time may be allowed as considered to be justified (and the decision of the Purchaser shall be final) with or without alteration in the Delivery period stipulated in the Acceptance of Tender and on such conditions as deemed fit. In the event of the failure of the Contractor to deliver the advance sample by the date specified in the Acceptance of Tender or any other date to which the time may be extended as aforesaid by the Purchaser or the rejection of the sample. The Purchaser shall be entitled to cancel the Contract and, purchase the Stores at the risk and cost of the Contractor.
 - 4.6.3 **Free:** All samples required for Test shall be supplied by the Contractor free of cost unless the Contract provides otherwise. Where the samples which is supplied free is rejected after examination and test, the same or whatever remains of the sample after examination and test will be returned to the Contractor at his cost on request made within one month of the date of rejection.
 - 4.6.4 If the Contractor submit a sample with his tender the same shall not govern the standard of supply except when it has been specifically stated in the Acceptance of Tender.

Article - 5 : RETURN OF SPECIFICATIONS, DRAWINGS, CERTIFIED SAMPLES ETC

- 5.1 The Purchaser reserves the right to ask and receive in good condition from all the parties to

whom ITT has been sent the specifications/drawings/ certified samples, if any, issued by the Purchaser.

- 5.2 The specifications, drawings and other technical details indicated in the ITT are exclusive property of RINL, VSP and the party to whom the ITT has been sent, has no right to use these documents for purposes other than for use by RINL, VSP,

Article - 6: PACKING

- 6.1 The Contractor shall be responsible for the Stores being properly packed for transport by Rail, Road, Air and Sea (as the case may be) so as to ensure their being free from loss or damage on arrival at their destination. The Contractor should comply with the standard packing conditions prescribed by the Railway/Transport companies/Steamer/Air carries.
- 6.2 Marking of Packages: Each package shall be marked by and at the expense of the Contractor with indelible paint / metallic tags as follows:
- i) A/T No. and Date.
 - ii) Description and quantity of Stores.
 - iii) Gross weight
 - iv) Net weight (if applicable).
 - v) Name of the Contractor/distinct mark for identification of the Contractor.
 - vi) Name of the Purchaser with full address.
- 6.3 All packing materials shall be the property of the Purchaser unless otherwise stated in the Acceptance of Tender.
- 6.4 Each package shall contain a packing note giving the details of each item of the Acceptance of Tender, giving Sl. No. of A/T, Qty, and Catalogue No. as applicable as marked on the package.
- 6.5 For wagon loads, necessary instructions provided in the Acceptance of Tender shall be followed. Further the Contractor shall ensure that the freight is charged on right weight and under the correct classification through most economical route.
- 6.6 If the Stores are not packed and marked in accordance with the instructions, the consignments are liable to be rejected by Purchaser whose decision as to the sufficiency or otherwise of compliance with the instructions shall be final.

Article -7: DELIVERY AND RISK PURCHASE

- 7.1 The time for and the date of delivery of the Stores stipulated in the NT shall be deemed to be the essence of the contract and delivery must be completed as per delivery schedule specified in the A/T.
- 7.2 The Contractor shall deliver the Stores at the place specified as per the Acceptance of Tender. No Stores shall be deliverable at the Purchaser's Consignee's premises on Sunday and Public Holidays without written permission of the Purchaser.
- 7.3 As soon as it is apparent to the Contractor that the delivery dates as stipulated in the contract cannot be met, he should apply for extension of the delivery dates to the Purchaser giving reasons for delay along with supporting documents, if any, and also the date up to which the extension of delivery period is required. The Purchaser will consider such request depending on the nature of the case and either agree for such extension suitably or reject the said request of the Contractor. In case of non-supply during the stipulated delivery period, the Purchaser will be free to cancel the Contract or a portion thereof and also purchase stores at the risk and cost of the Contractor. In any case the Contractor shall have no claims whatsoever in respect of cancellation of the contract.
- 7.4 The Purchaser reserves the right to cancel the contract or a portion thereof and purchase the stores at the risk and cost of Contractor after giving due notice to the Contractor even before completion of the contractual delivery schedule if it becomes apparent that Contractor will not be able to fulfil the contractual obligations.
- 7.5 In case the Contractor fails to complete the supply of stores or a portion thereof within the contractual delivery schedule, the Purchaser has the right to purchase the stores or a portion thereof at the risk and cost of Contractor without serving any notice to the Contractor.
- 7.6 In the event of cancellation of the contract by Purchaser at the risk and cost of the Contractor, the Contractor shall be liable for any loss which the Purchaser may sustain on account of risk purchase But the Contractor shall not be entitled to any gain on such purchase made against such default. The manner and method of such purchase shall be at the entire discretion of the Purchaser, whose decision will be final.
- 7.7 The Purchaser reserves the right to suspend the business with such Contractors who default in adhering to the contractual delivery schedule, quality of stores etc as per the contract after giving show cause notice to the Contractor and considering his reply if any.

Article-8: INSPECTION AND REJECTION

- 8.1 At Supplier's premises.

- 8.1.1 **Inspection Notice:** Where inspection at Suppliers premises is stipulated in the A/T, adequate advance notice in writing shall be sent by the Contractor to the Inspection Authority mentioned in the A/T intimating that the Stores are ready for inspection with a copy to the officer issuing the A/T. On receipt of such notice the Purchaser shall depute the inspecting officer within a reasonable time. However, if the inspecting officer finds that the Stores are not ready for inspection at Suppliers premises as per the aforesaid advance notice, the Purchaser reserves the right to recover the expenses incurred in deputing the inspecting officer.
- 8.1.2 **Facilities for Test and Examination.**
- 8.1.2 1 The Contractor shall provide the Inspector at his own expense all reasonable space and facilities for satisfying himself that the Stores are being or have been manufactured in accordance with the specification and for this purpose the Inspector shall have full and free access at any time during the Contract to the Contractor's work premises and may require the Contractor to make arrangements for anything to be inspected at his premises or at any other place and the Contractor shall reserve similar right as regards any sub-contract he may make.
- 8.1 2.2 The Contractor shall also provide and deliver, free of charges at such a place as the Inspector may direct such material as he may require for Tests by analysis (e.g. Chemical, Biological, Pharmacological and by other means of testing commonly in use according to the nature of Stores) or at a place where an independent testing machine is available.
- 8.1.2.3 In case of failure to provide these facilities (in regard to which the Inspector will be the sole judge) at his own premises for making the Tests, the Contractor shall bear the cost of carrying out such Tests elsewhere.
- 8.1.3 The inspector shall have the right to conduct an necessary tests to ascertain whether the stores are in accordance with the specification provided in A/T. The Contractor shall bear all costs towards testing of Stores unless specifically mentioned in the A/T.
- 8.1.4 The Inspecting Officer shall issue an Inspection Certificate indicating acceptance/rejection of the Stores, as the case may be.
- 8.1.5 Wherever inspection at Supplier's premises is stipulated in the A/T, Stores shall be delivered or dispatched as per terms of A/T only after the Stores have been inspected and Inspection Certificate has been issued by the inspector indicating acceptance.

8.2 At Purchaser's premises.

- 8.2 Where the A/T stipulates inspection at Purchaser's site, the Purchaser will arrange inspection of the Stores immediately after receipt at Purchaser's premises and a certificate of acceptance/rejection will be issued.
- 8.3 The Purchaser shall have the power to reject the Stores if it is found that the same have not been manufactured in accordance with the standard engineering practices for manufacture of such Stores.
- 8.4 The Inspector's decision as regards rejection of the Stores shall be final and binding on the Contractor.
- 8.5 **Removal of Rejections:** Any Stores submitted for inspection and rejected by the Inspector must be removed by the Contractor within thirty days from the date of the receipt of the intimation of rejection, provided that in case of dangerous, infectious or perishable Stores the Inspector (whose decisions shall be final) shall inform the Contractor to remove such Stores within 48 hours of the intimation of the rejection and it shall be the duty of the Contractor to remove them accordingly. Such rejected Stores shall lie at the Contractor's risk and cost after the expiry of aforementioned period and if not removed within this period the Purchaser shall have the right either to return the rejected Stores to the Contractor at his risk and cost by such modes of transport as the Purchaser may select or to dispose off or segregate such Stores as they may think fit at the Contractor's risk and cost and on his account or to retain such portion of the proceeds as may be necessary to recover any loss or expenses incurred by Purchaser in connection with the said sale. Freight to Contractors destination on Stores rejected after examination at destination shall be recoverable from the Contractor at the Public Tariff Rate.
- 8.6 If Stores are rejected after inspection at Purchaser's premises and the nature of the stores segregation of rejected stores with that of earlier accepted Stores is not possible, the Purchaser shall not be under obligation to return such rejected Stores to the Contractor as per the Article 8.5 above. Such rejected stores shall be paid by the Purchaser as considered reasonable and the Purchasers decision shall be final in this regard.

Article -9: RECOVERY OF SUMS DUE

- 9.1 Whenever under this Contract any sum of money is recoverable from and payable by the Contractor, the Purchaser shall be entitled to deduct such sum from any amount then found

payable to the Contractor by the Purchaser or which at any time thereafter may be found to be payable to the Contractor by the Purchaser under this or any other contract with the Purchaser or any other unit of Rashtriya Ispat Nigam Ltd. Should this sum be not sufficient to cover the full amount recoverable, the Contractor shall pay to the Purchaser on demand the remaining balance amount. This action is without prejudice to the right of the Purchaser to take legal action against the Contractor for the breach of the contract.

Article -10: SYSTEM OF PAYMENT

- 10.1 Unless otherwise agreed to between the parties, the payment for the delivery of the Stores will be made on submission of bills in the prescribed form in accordance with instruction given in the Acceptance of Tender through NEFT / RTGS.

Article-11: LAWS GOVERNING THE CONTRACT

- 11.1 The Contract shall be governed by the Laws of India for the time being in force.
- 11.2 The marking of all stores supplied must comply with the requirement of the Indian Acts relating to the merchandise marks and the rules made under such Acts.

Article -12: INDEMNITY

- 12.1 The Contractor shall at all times indemnify the Purchaser against all claims which maybe made in respect of the Stores for infringement of any right protected by patent Registration of Design or Trade Mark and shall take all risk of accidents or damage which may cause a failure of the supply from whatever cause arising and the entire responsibility for the sufficiency of all means used by him or the fulfilment of the Contract, provided, always that in the event of any claim in respect of alleged breach of patent Registered Design or Trade Mark being made against the Purchaser, the Purchaser shall notify the Contractor of same, and the Contractor shall be at liberty at his own expense, to settle any dispute or to conduct any litigation that may arise there from.

Article -13: BRIBES, COMMISSION, CORRUPTION, GIFT ETC.

- 13.1 Any bribe, commission, gift or advantage given, promised or offered by or on behalf of the Contractor or his partner, agent or servant, or any one of his on their behalf to any officer, servant, representative or agent of the Purchaser or any person on his or on their behalf in relation to the obtaining or to the execution of this or any other contract with the Purchaser or dis favour to any person in relation to this or any other contract as aforesaid shall result in cancellation of this and all or any other contract as aforesaid and the Contractor shall also be liable for payment of any loss or damage resulting from such cancellation to the extent as is provided under Article 7 hereof

Article -14: INSOLVENCY AND BREACH OF CONTRACT

- 14.1 The Purchaser may at any time by notice in writing summarily determine the Contract without compensation to the Contractor in any of the following events that is to say:
- 14.1.1 The Contractor, he being an individual, or if a firm, any partner in the Contractors firm shall at any time be adjudged insolvent or shall have a Receiver appointed or order for administration of his Estate made against him or shall take any proceedings for liquidation or composition under any Insolvency Act for the time being in force or make any conveyance or assignment of his effects or enter into any arrangement or composition with his creditors or suspend payment or if the firm be dissolved under the Partnership Act,
Or
- 14.1.2 If the Contractor being a company shall pass a resolution or the Court shall make an order for the liquidation of its affairs or Receiver or Manager, on behalf of the debenture holders shall be appointed or circumstances shall have arisen which entitled the court on behalf of the debenture holders to appoint a Receiver or Manager
Or
- 14.1.3 If the Contractor commits any breach of this contract not herein specifically provided for, provided always that such determination shall not prejudice any right of action or remedy which shall have accrued or shall accrue thereafter to the Purchaser and provided also that the Contractor shall be liable to pay the Purchaser of any extra expenditure he is hereby put to but shall not be entitled to any gain on re-purchase.

Article -15 : FORCE MAJEURE

15.1 If at any time during the continuance of this contract the performance in whole or in part by either party of any obligation under this contract shall be prevented or delayed by reasons of any war, hostility, acts of public enemy, civil commotion, sabotage, fire, floods, explosions, epidemics, quarantine restriction, or acts of God (herein after referred to as eventualities”) and provided notice of the happenings of any such eventuality (duly certified by International Chamber of Commerce in case of foreign parties) is given by either party to other within 21 days from the date of occurrence thereof, neither party shall by reasons of such eventuality be entitled to terminate this Contract nor shall either party have any claim for damages against the other in respect of such non-performance or delay in performance. Deliveries under this Contract shall be resumed as soon as practicable after such eventuality has come an end or ceased to exist and the decision of the Purchaser as to whether the deliveries have so resumed or not shall be final and conclusive. Provided further that if the performance in whole or in part of any obligations under this Contract is prevented or delayed by reasons of any such event for a period exceeding 60 days either party may at its option terminate the Contract. Provided also that the Contract, if terminated under this clause, the Purchaser shall be at liberty to take over from the Contractor at a price to be fixed by the Purchaser which shall be final, all unused, undamaged and acceptable material, bought out components and stores in course of manufacture in the possession of the Contractor at the time of such termination or such portion thereof as Purchaser may deem fit except such material, bought Out components and stores as the Contractor may, with the concurrence of the Purchaser, elect to retain.

Article -16: ARBITRATION CLAUSE FOR CONTRACTS WHERE CONTRACT PRICE IS RS.5.00 LAKHS AND ABOVE

16.1. All disputes or differences whatsoever arising between the parties out of or relating to the construction, meaning and operation or effect of this contract or breach thereof shall be settled by arbitration in accordance with the rules of arbitration of the Indian Council of Arbitration and the award made in pursuance thereof shall be binding on the parties.

16.2. The arbitration bench shall make a reasoned award. The venue of arbitration shall be at Visakhapatnam, Andhra Pradesh, India.

16.3. Work under the contract shall be continued by the Contractor during the arbitration proceedings, unless otherwise directed in writing by the Purchaser or unless the matter is such that the work cannot possibly be continued until the decision of the arbitrators is obtained and save as those which are otherwise expressly provided in the contract, no payment due or payable by the Purchaser shall be withheld on account of such arbitration proceedings, unless it is the subject matter or one of the subject matter thereof.

16.4. The Arbitrator's fee, expenses and all other costs and other expenses relating to the holding of arbitration shall be borne by both the parties equally. However the fees and expenses of Advocates and expenses relating to presentation of witnesses shall be borne by the respective parties. Should the arbitrator give a specific award in respect of costs then it would prevail.

16.5 In the event of a dispute between PSE and Govt. Department / Ministry, the following be noted and acted upon to resolve the dispute;

- (i) Public Sector Enterprises means a Govt. Company as defined under Section 617 of Companies Act, 1956.
- (ii) If at any anytime, any question, dispute or difference whatsoever shall arise between the Purchaser and the Contractor / Supplier upon, or in relation to or in connection with the Contract, either party may forthwith give to the other notice in writing of the existence of such question, dispute or difference and the difference shall be referred to the adjudication of the arbitrator in the Permanent Machinery of Arbitration in the Department of Public Enterprises of Govt. of India.
- (iii) However, if the dispute / difference relates to an amount of the value of less than Rs.2,00,000/-, the same shall be settled by the Purchaser and the Contractor / Supplier by mutual consultation.
- (iv) The Purchaser and the Contractor / Supplier agree to the inclusion of the following Arbitration clause in the Contract:

“In the event of any dispute or difference relating to the interpretation and application of the

provisions of the contracts, such dispute or difference shall be referred by either party for Arbitration to the sole Arbitrator in the Department of Public Enterprises to be nominated by the Secretary to the Govt. of India in-charge of the Deptt., of Public Enterprises. The Arbitration and Conciliation Act, 1996 shall not be applicable to arbitration under this clause. The award of the Arbitrator shall be binding upon the parties to the dispute, provided, however, any party aggrieved by such award may make a further reference for setting aside or revision of the award to the Law Secretary, Deptt., of Legal Affairs, Ministry of Law & Justice, Govt. of India. Upon such reference, the dispute shall be decided by the Law Secretary or the Special Secretary / Addl. Secretary, when so authorized by the Law Secretary, whose decision shall bind the parties finally and conclusively. The parties to the dispute will share equally the cost of arbitration as intimated by the Arbitrator”.

Article -17: ARBITRATION CLAUSE FOR CONTRACTS WHERE CONTRACT PRICE IS LESS THAN RS. 5.00 LAKHS

17.1 If at any time, any question, dispute or difference whatsoever shall arise between the Purchaser and the Contractor upon, or in relation to or in connection with the Contract, either party may forthwith give to the other notice in writing of the existence of such question, dispute or difference and the same shall be referred to the adjudication of an Arbitrator to be nominated by the Purchaser. The award of the arbitrator shall be final and binding on both the parties and the provisions of the Indian Arbitration Act, 1940 and the rules there under and any statutory modification thereof shall be deemed to apply to and be incorporated in this Contract.

17.2 The arbitrator shall make a reasoned award. The venue of arbitration shall be at Visakhapatnam, Andhra Pradesh, India.

17.3 Work under the contract shall be continued by the Contractor during the arbitration proceedings, unless otherwise directed in writing by the Purchaser or unless the matter is such that the work cannot possibly be continued until the decision of the Arbitrator is obtained and save as those which are otherwise expressly provided in the contract, no payment due or payable by the Purchaser shall be withheld on account of such arbitration proceedings, unless it is the subject matter or one of the subject matter thereof.

17.4 The Arbitrator's fee, expenses and all other costs and other expenses relating to the holding of arbitration shall be borne by both the parties equally. However the fees and expenses of Advocates and expenses relating to presentation of witnesses shall be borne by the respective parties. Should the arbitrator give a specific award in respect of costs then it would prevail.

Article -18: HEADINGS OF ARTICLES

18.1 The marginal headings of Articles hereto shall not affect the construction thereof.

Article -19: NON-WAIVER OF DEFAULTS.

19. Failure of the Purchaser to insist upon strict performance of any terms and conditions of the contract will not be deemed a waiver of any rights or remedies that the Purchaser may have and will not be deemed a waiver of any subsequent default under the terms and conditions of the contract. No right or remedy of the Purchaser will be exclusive of any other right or remedy and the Purchaser will have all rights and remedies given under the Contract and now or hereafter existing in law or by statute. The dispatch or delivery by the Contractor or receiving of or payment by the Purchaser for the stores under this contract, will not be deemed a waiver of any rights for any prior failure by the Contractor to comply with any of the provisions of the contract.

Article -20: GENERAL

20.1 In case of any conflict between the provision of General Conditions of Contract and Acceptance of Tender, the provision of Acceptance of Tender shall prevail.

Article-21: JURISDICTION

21.1 That in case any legal proceedings are instituted against Rashtriya Ispat Nigam Ltd, Visakhapatnam Steel Plant they shall be instituted in the appropriate Civil Courts of Visakhapatnam and the Courts at Visakhapatnam only shall have jurisdiction.

Article-22: LIQUIDATED DAMAGES:

22.1 To recover from the supplier / contractor liquidated damages not by way of penalty a sum of 0.5% of the price of any stores which the supplier / contractor has failed to deliver as aforesaid for each week or part of week, during which the delivery of such stores may be in arrears subject to a maximum of 10% of value of such stores/item(s).