

KERALA STATE CONSTRUCTION CORPORATION LIMITED  
(A Government of Kerala Undertaking)

Administrative Office

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No.F4-560/A/2013 1757

27.07.2013

Circular No. 3/2013-14

- Sub: - KSCC – rates of EMD, Security Deposit and Retention forworks executed through contractors / sub contractors –modified instructions incorporating form of agreement - issued
- Ref: - (1) This office circular No. 400 dt. 24.4.2002 vide CC/IAD/2002-03/SD.  
(2) GO (P) No.13/2012/PWD dt. 1.2.2012.  
(3) GO (MS) No.60/2012/PWD dt. 20.9.2012.  
(4) Note No. CC/IAD/IAN/2012-13/285 dt. 4.3.2013 of the CIAO, Ekm.  
(5) This office Circular No.1/2013-14 vide F4-560/A/2013 dt.23.04.2013  
(6) This office Circular No.2/2013-14 vide F4-560/A/2013 dt.25.04.2013

Consequent to the issue of revised KPWD manual vide the GO read as 1<sup>st</sup> and 2<sup>nd</sup> paper above,in the Circular read as 5<sup>th</sup> and 6<sup>th</sup> paper above necessary modified directions giving effect to the revised rates of EMD security deposits and retention amount to be insisted for the the execution of works in the KSCC were issued with effect from 01.05.2013.In Para 2 of the Circular 5<sup>th</sup> cited it was mentioned that necessary formal orders making changes in the contract agreement to be followed in the KSCC will be issued separately.Further,it is also deemed necessary that the limit of Rs 2 lakhs in respect of the security deposit @2.5 % respect of works having the contract PAC up to Rs 2 Crores stipulated under clause ii (a) of the Circular 5<sup>th</sup> cited be taken away.In the circumstances in partial modification to the directions contained in the Circular 5<sup>th</sup> and 6<sup>th</sup> cited,the following revised instructions are issued with immediate effect.

2. The security deposits for works having contract PAC up to Rs 2 crores shall be @ 2.5% of the Contract PAC
3. The modified form of contract agreement to be followed in the KSCC for the works tendered after the date of 01.05.2013 shall be as appended to this Circular as Annexure -1
4. The Circular read as 5<sup>th</sup> and 6<sup>th</sup> paper above, stands modified to the above extent.

  
MANAGING DIRECTOR

To


The General Manager, KSCC, Trivandrum and Ernakulam.  
The Regional Manager, KSCC, Trivandrum / Kottayam / Aleppey / Ernakulam/  
Trichur / Kozhikode and Kannur.  
The Secretary & FM, KSCC, Ernakulam.  
The CIAO / Sr. AO, AAO I & II and all officers of GM Section KSCC, Ernakulam.

*ANNEXURE I (vide Erroder No. 3/2013-14/FA)*

Clause	Existing	Modified Agreement Clauses
10	<p><u>Security Deposit - An amount of Rs. One (1.00) lakh should be deposited by the contractor in the form of DD/Bank Guarantee / F.D. receipts hypothecated to KSCC valid up to the expiry of the defect liability period along with the agreement. The same will be released on completion of defect liability period.</u></p>	<p><u>(i) Security Deposit.</u>                      The selected bidder or sub-contractor shall produce a security deposit equivalent to 5% of the contract amount in the form of a bank guarantee or a fixed deposit receipt duly pledged in the name of the KSCC from a nationalized or scheduled bank which shall remain in force till the 28<sup>th</sup> day from the date of completion of the defect liability period of the work, subject to the following conditions.</p> <p>(a) The security deposit for work having the contract PAC up to Rs. 2 Crores - 2.5% of the Contract PAC.</p> <p>(b) Works beyond the contract PAC of Rs 2 Crores - 5 % of the contract PAC subject to a maximum of Rs. 75 lakhs.</p>
11	<p><u>Retention Amount</u></p> <p>a. 7% of Gross bill amount to be recovered progressively from each bill subject to the conditions that the total amount of EMD, Security Deposit and Retention collected did not exceed 7.5% of contract PAC or Rs. 10 lakh whichever is lower. On completion of work, part of the Retention Amount will be converted</p>	<p><u>Retention Amount</u></p> <p>a. 7% of Gross bill amount to be recovered progressively from each bill subject to the conditions that the total amount of Security Deposit and Retention collected did not exceed 5% of contract PAC or Rs. 125 lakh whichever is lower. On completion of work, part of the Retention Amount will be converted as Security Deposit, so as to enhance the amount of Security Deposit to 5% of Gross PAC subject to a maximum of Rs. 125 lakh. Retention amount will be released on production of Bank guarantee /Fixed deposit receipt.</p>

<p>as Security Deposit, so as to enhance the amount of Security Deposit to 2.5% of Gross PAC. Retention amount will be released on production of Bank guarantee /Fixed deposit receipt.</p> <p>b. <u>Special condition on EMD / Retention / SD</u></p> <p>Irrespective of the above, in cases where the client department collect EMD, SD and Retention at rates, which are higher than those given above, such higher rates should be applied for the related sub contracts.</p> <p>c. The retention amount as reduced by the amount converted as SD will be refunded on completion of the work and settlement of final bill after recoverable amounts if any. Security deposit as enhanced to 2.5% of contract PAC (gross) will be released after expiry of defect liability period and after adjustment of amounts, if any recoverable.</p>	<p>b. <u>Special condition on EMD / Retention / SD</u></p> <p>Irrespective of the above, in cases where the client department collect EMD, SD and Retention at rates, which are higher than those given above, such higher rates should be applied for the related sub contracts.</p> <p>c. The retention amount as reduced by the amount converted as SD will be refunded on completion of the work and settlement of final bill after recoverable amounts if any. Security deposit as enhanced to 5% of contract PAC subject to a maximum of Rs. 125 lakh shall be released after the expiry of the 28<sup>th</sup> day from the date of completion of the defect liability period and after adjustment of amounts, if any recoverable.</p>
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<u>LIABILITY PERIOD AND RELEASE OF SECURITY DEPOSIT.</u>	<u>LIABILITY PERIOD AND RELEASE OF SECURITY DEPOSIT.</u>
<p>The Sub contractor shall be responsible for the maintenance of the structure constructed by them for a period of 24 months for building, 36 months for bridge and <b>18 months for newly constructed road</b> from the date of virtual completion of work and any defects in the construction noticed during this period will have to be rectified by the Sub contractor at his cost. The security deposit shall be returned to the Sub contractor only after satisfactory rectification of defects, if any or after the expiry of defect liability period of 24 months for building, 36 months for bridge and <b>18 months for newly constructed road</b>. In case the Sub contractor fails to undertake the rectification work within 7 days after issue of notice by KSSCC, the work will be undertaken by KSSCC and the expenditure on this account together with the extra overhead expenditure incurred for this purpose will be recovered from the security deposit.</p>	<p>The Sub contractor shall be responsible for the maintenance of the structure constructed by them for a period of 24 months for building, 36 months for bridge, 18 months for newly constructed road and 6 months for all repair works from the date of virtual completion of work and any defects in the construction noticed during this period will have to be rectified by the Sub contractor at his cost. The security deposit shall be returned to the Sub contractor only after satisfactory rectification of defects, if any or after the expiry of the 28<sup>th</sup> day from the date of completion of the defect liability period of 24 months for building, 36 months for bridge 18 months for newly constructed road and 6 months in cases of repair works. In case the Sub contractor fails to undertake the rectification work within 7 days after issue of notice by KSSCC, the work will be undertaken by KSSCC and the expenditure on this account together with the extra overhead expenditure incurred for this purpose will be recovered from the security deposit.</p>

  
**THE DIRECTOR**  
 Kerala State Construction Corporation Ltd  
 Ponnampalath, Kochin - 19.