



सत्यमेव जयते

भारत सरकार
Government of India Ministry of Defence
रक्षा लेखा महानियंत्रक

Controller General of Defence Accounts

उलान बटार रोड, पालम, दिल्ली छावनी-110010

Ulan Batar Road, Palam, Delhi Cantt – 110010

Ph No. 011 – 25665571, 25665572 , FAX No. 011- 25674779.

(IFA WING)

E-Mail : cgdanewdelhi@nic.in & cgdaifa@gmail.com



Circular No. 04 of 2017

No. IFA/109

Dated: 21.07.2017

To.

All PIFAs/PCsDA/IFAs/CsDA
(Through CGDA Website)

Sub: Guidelines for imposition of LD, Extension of DP and making stage payment.

A copy of Ministry of Defence Acquisition Wing ID No. 1(1)/D(Acq)/17 dated 15.06.17 wherein certain guidelines have been issued with regard to imposition of LD, Extension of DP and making stage payment with the approval of Raksha Mantri, is being uploaded on the Website of HQrs. Office (www.cgda.nic.in) for information and necessary action please. These guidelines will be applicable only in Capital Acquisitions cases.

Encl: As above

(Hari Har Mishra)
Jt. CGDA (IFA)

Ministry of Defence
[Acquisition Wing Secretariat]

GUIDELINES FOR IMPOSITION OF LD, EXTENSION OF DP AND MAKING STAGE PAYMENTS

With a view to streamlining post contract management in cases wherein contract amendments are necessitated particularly with regard to cases necessitating extension of delivery period, imposition or waiver of LD and release of milestone linked payments, it has been decided to promulgate guidelines as given in subsequent paragraphs. These guidelines are intended to ensure uniformity in dealing with cases of DP extension and also to address delays in processing of DP extension cases so that project deliverables are not further impeded.

2. The quantum of LD to be imposed shall be within the ceiling provided in the Contract. Other provisions in Contract which may provide for parties to resort to other measures to resolve delays or non-compliance in contract implementation shall have no effect on the LD ceiling as provided in the Contract.

3. **Ship Building Contracts:** For ship building contracts, the following procedure will be followed:

(a) In all cases where a delay in delivery of vessel is anticipated, Navy/CG authorities responsible for monitoring the project /project milestones should move a case for DP extension at least 3 months prior to contract delivery date with an assessment of liability towards LD.

(b) Unless and until termination of contract is being contemplated:

(1) DP extension may be granted with LD in the usual course through a contract amendment wherever liability for the same is clear and not disputed by the vendor.

(2) DP extension may be granted provisionally where attributability for delay is in dispute with the stipulation that payment in lieu of LD will be withheld pending determination of attributability. Provisional DP extension should be given for the purpose of release of milestone payments, undertaking PDI and accepting deliveries subject to final assessment of the attributability of delay.

(3) In cases where attributability is disputed, this aspect will be examined by the concerned AM and FM for MoD level cases and, wherever felt necessary, a collegiate can be appointed by the concerned AM. Based on the recommendations of the concerned AM and FM/Collegiate as the case may be, proposal for formal contract amendment would be moved for approval of competent authority. LD in such contracts shall normally be deducted from the final instalment due to the contractor and it should be ensured that the amount is sufficient to cover the maximum LD as provided for.

(4) Where deemed necessary, the recovery of LD as in b(1) and withholding of payment in lieu of LD as in (b)(2) above may be done in a phased and proportionate

manner from milestone payments after ensuring that sufficient balances would remain available for ensuring full recovery of LD by the time final payments are released. If the amount of the final instalment is not sufficient to cover the amount of LD, the same may be deducted from the instalment/instalments preceding the final instalment until the entire amount of LD is covered. The amount withheld/recovered from each milestone payment should ordinarily not exceed 10 % of the due milestone payment and overall amount withheld till the last payment should be limited to maximum permissible LD. Amounts withheld from stage payment due to vendor will be adjusted in final instalment after deciding on imposition of LD.

4. Systems and other projects:

The procedure given in para 3 above will be followed.

5. Contracts with deliveries in lots/consignments:

For this category of contracts, the following procedure will be followed:

- (1) DP extension may be granted with LD by way of a contract amendment wherever liability for the same is clear and not disputed by the vendor in the usual course.
- (2) DP extension may be granted provisionally where attributability for delay is in dispute with the stipulation that payment in lieu of LD will be withheld pending determination of attributability. Provisional DP extension should be given for the purpose of undertaking PDI, accepting deliveries and release of payments subject to final assessment of the attributability of delay.
- (3) In cases of staggered delivery, DP extension may be granted provisionally as above and payments may be released accordingly after receipt of each lot/consignment. However, it must be ensured, as far as possible, that before giving provisional DP extension for the next lot/consignment, contract amendment has already been done for the previous provisional DP extension of the preceding lot/consignment with LD liability, wherever required.
- (4) In cases where attributability is disputed, this aspect will be examined by the concerned AM and FM for MoD level cases and, wherever felt necessary, a collegiate can be appointed by the concerned AM. Based on the recommendations of the concerned AM and FM/Collegiate, as the case may be, proposal for formal contract amendment would be moved for approval of competent authority.
- (5) While effecting DP extension with or without LD for a specific lot/consignment, the Competent Authority shall also assess the cascading effect, if any, of the DP extension on subsequent lots/consignments and clarify the same in the instant contract amendment /DP extension.

6. General aspects:

a) Proposals for DP extension often are combined with other types of amendments in a single case. This leads to delay in processing amendments related to DP extensions. Hence, unless it is unavoidable, proposals for contract amendments for DP extensions should not be combined with other amendments.

b) For delegated power cases SHQs shall adopt the above in consultation with IFAs.

7. Cases involving extension of delivery period with or without imposition of Liquidated Damages shall be brought to the notice of DG(Acquisition)/ Defence Secretary and RM when the extension involves delays of 6 months and 12 months respectively, so that project time overruns are highlighted.

8. This issues with the concurrence of MoD (Fin) and the approval of RM.


(Praveen Kumar)
Director (Acq)
Telefax: 23792865

CISC	VCOAS	VCNS	VCAS	DG(CG)
AS&FA(Acq)				
JS&AM(LS)	JS&AM(MS)	JS&AM(Air)		
FM(LS)	FM(MS)	FM(Air)		
TM(LS)	TM(MS)	TM(Air)		

MoD ID No.1(1)/D(Acq)/17 dated 15.06.2017

Copy to:-

- (i) Director, RM office
- (ii) SO to Defence Secretary
- (iii) PPS to Secretary(DP)
- (iv) PPS to Secretary(R&D)
- (v) PPS to FA(DS)
- (vi) PPS to CGDA
- (vii) PPS to AS(R)
- (viii) PS to DG(Acq)
- (ix) PPS to AS(J)
- (x) PPS to JS(Army)
- (xi) PPS to JS(Navy)
- (xii) PPS to JS(Air)