

**Transmission Business Group**  
**Subcontract Management**

**Special Terms & Conditions**

**1.0 EARNEST MONEY DEPOSIT**

- 1.1 "Every Tender must be accompanied by the Earnest Money Deposit as specified in NIT in cash (as permissible under Income Tax Act), Pay order or Demand Draft only"
- 1.2 CASH: The amount should be remitted by the party to the cashier of Bharat Heavy Electricals Limited, Industry Sector, Integrated Office Complex Lodhi Road, New Delhi .and "Cash Receipt" issued shall be enclosed along with the tender.
- 1.3 Demand Draft or Pay Order: From State Bank of India/ Nationalised Banks in favour of Bharat Heavy Electricals Limited, payable at New Delhi.
- 1.4 Tenders received without Earnest Money in full or in the manner prescribed above will not be considered.
- 1.5 **EMD of the successful tenderer shall be kept as security deposit. EMD will be returned to the contractor after the completion of tenure of the Rate Contract.**
- 1.6 In the case of unsuccessful tenderer the Earnest Money will be refunded to them after finalisation of the tender.
- 1.7 BHEL reserves the right of forfeiture of Earnest Money Deposit in case the successful tenderer:
  - a) After opening of tender, revokes / withdraw his tender within the validity period revises / alters his earlier quoted rates / conditions.
  - b) Fails to communicate unqualified acceptance of Letter of Intent within fifteen days from the date of issue of Letter of Intent.
  - c) Fails to submit 50% of the total Security Deposit before start of the work.
  - d) Fails to start the work as may be indicated in the Letter of Intent/ Work Order.

**2.0 SECURITY DEPOSIT:**

- 2.1 **Contractor will be required to submit separate security deposit for each project awarded to him based on the contract value of the particular project.**
- 2.2 "Upon acceptance of tender, the successful tenderer must deposit the security Deposit before commencement of work. The rate of Security Deposit will be as below :

Work upto Rs. 10 Lakhs :10%

Above Rs. 10 Lakhs upto Rs. 50 Lakhs	:1Lakh+7.5%of the amount exceeding 10 Lakhs.
Above Rs. 50 Lakhs	:Rs. 4 Lakhs + 5 % of the amount exceeding Rs. 50 Lakhs. "

The Security Deposit shall be deposited within 15 days from the date of award of work or before commencement of work whichever is earlier in any one of the following forms:

- i) Cash (as permissible under the Income Tax Act).
- ii) Pay Order, Demand Draft in favour of BHEL.
- iii) Local cheques of scheduled banks, subject to realization.
- iv) Securities available from Post Offices such as National Savings Certificates, Kisan Vikas Patras etc.  
(Certificates should be held in the name of Contractor furnishing the security and duly pledged in favour of BHEL and discharged on the back).
- v) Bank Guarantee from scheduled Banks/ Public Financial Institutions as defined in the Companies Act. The Bank Guarantee format should be as per prescribed proforma. Bank Guarantee from Co-operative bank will not be accepted.
- vi) Fixed Deposit Receipt issued by Scheduled Bank / Public Financial Institutions. The FDR should be in the name of the contractor, A/C BHEL, duly discharged on the back.
- vii) Security deposit can also be submitted at the rate of 10% from the running bills. However in such cases at least 50% of the Security Deposit should be submitted before start of the work and the balance 50% will be recovered from the running bills.
- viii) The security deposit will not carry any interest.
- ix) Security deposit will not be refunded to the contractor except in accordance with the terms of the contract.

**Note :**

- 1) The validity of the Bank Guarantee furnished towards Security Deposit under (v) above shall be up to three months more than the contract period. If the rate contract is extended, the contractor shall extend the Bank Guarantee.
- 2) Acceptance of Security Deposit against Sl. No. (iv) and (vi) above will be subject to hypothecation or endorsement on the documents in favour of BHEL. However, BHEL will not be liable or responsible in any manner for the collection of interest or renewal of the documents or in any other matter connected therewith.
- 3) The BG shall be submitted only through the Banker and direct submission by the party will not be accepted. Along with the BG, the Bank shall also furnish a letter of confirmation (format as per Annexure –L for the BG issued).

- 2.3 If the value of the work done at any time exceeds the accepted agreement value, Security Deposit shall be correspondingly enhanced and the extra Security Deposit shall be immediately deposited by the contractor or recovered from the payments due to him.
- 2.4 Failure to deposit the Security Deposit within the stipulated time, may lead to forfeiture of EMD and cancellation of the award of work.
- 2.5 BHEL reserves the right of forfeiture of Security Deposit in addition to other claims and penalties in the event of the contractor's failure to fulfill any of the contractual obligations or in the event of termination of contract as per terms and conditions of the contract. BHEL reserves the right to set off the Security Deposit, against any claims of any other contracts with BHEL.
- 2.6 Security deposit will be returned along with the final bill of the contractor after the completion of all activities as per work order of the particular project.**
- 2.7 No interest shall be payable by BHEL on Security Deposit or on any money due to the contractor.

### **3.0 TERMS OF PAYMENT**

- 3.1 No Mobilisation advance is payable
- 3.2 90% payment against monthly progressive invoices duly certified by our commissioning engineer at site/ site in charge.
- 3.3 10% against total commissioning of all the equipments and panel under our scope and submission of test report and hand corrected as built drawings.
- 3.4 100% To & Fro train fare, air fare, luggage and portage expenses, local transportation, accommodation charges and other charges applicable as per clause No. 13.0 & 14.0 shall be release alongwith 90% payment mentioned at Sl. no. 3.2) above.
- 3.5 Payment will be released within forty five (45) days from the date of receipt of the invoice from the contractor.

### **4.0 DEDUCTION OF INCOME TAX/SALES TAX/WORKS TAX:**

- 4.1 Income Tax at the prevailing rate on gross value of work done and applicable surcharge shall be deducted from the running account bills unless exempted by the Income Tax Office.
- 4.2 All taxes (except Service Tax including Educational Cess) including WCT under VAT act, duties, charges etc for execution of the contract shall be borne by the contractor and shall not be payable extra. Any increase of the same at any stage during execution of the contract shall have to be borne by the contractor. Quoted price of the bidder shall be inclusive of all such requirements.

- 4.3 Service Tax (including Educational Cess) as legally leviable & payable by the contractor under the provisions of applicable law/ act shall be paid by BHEL as per contractor's bill. However, contractor shall have to submit proof of Service Tax deposited by them immediately after the deposit but not later than the next bill submitted after the due date of deposit. The contractor shall furnish proof of Service Tax registration with Central Excise Division covering the services covered under this contract. Registration should also bear endorsement for the premises from where the billing shall be done by contractor on BHEL for this project. The contractor shall obtain prior approval of BHEL before billing the Service Tax amount.
- 4.4 As such, contractor's quoted rates shall be exclusive of Service Tax (including Educational Cess). Any changes in Service Tax rules (by Govt) shall be complied with.

## **5.0 VARIATIONS**

### **5.1 PRICE VARIATION**

Price will be firm and no price escalation is payable throughout the execution/ extended period of the rate contract.

### **5.2 QUANTITY VARIATION**

The quantities indicated in "Bill of Quantity" attached with the tender are tentative/ indicative in nature for entire period of contract. Depending upon requirement, quantity of individual items may varies as follows

- a) Domestic project: -30% to +30%
- b) Overseas Project: -100% to +10%

However, no compensation will be given even if variation is more than indicated above.

## **6.0 FINALIZATION OF RATE CONTRACT AND ALLOCATION OF JOB:**

BHEL does not bind itself to accept the lowest or any tender but reserves the right to accept /reject any tender without assigning any reason thereof. The offer will be evaluated on overall L1 basis.

BHEL has the right to award the contract to one or more than one vendor. However, it is proposed to enter the rate contract with two Nos. of contractor. The original L1 bidder would be allotted 70 % of the rate contract quantity. Upon agreeing to accept the 30% of quantity, L2 bidder would be required to reduce the rate quoted by him so as to match the 30% of total quoted price (100% quantity) of L1 bidder. While furnishing the break-up care would be taken by L2 bidder that there should not be increase in unit price quoted by him in original price bid.

However, in case other bidders did not accept the L1 rates then BHEL reserves the rights to place 100% order on L1 bidder only.

## **7.0 PERIOD OF RATE CONTRACT:**

The rate contract shall be valid for 2 year, effective from the date of issue of LOI. However, BHEL may renew the contract for a further one year with mutual consent. BHEL shall reserve the right and option to effect premature termination of this rate contract at any point of time, if felt necessary.

The contract shall be valid for the project sites where services of testing commissioning sought in the duration of the Rate contract.

A separate work order shall be issued for each particular project. The project specific BOQ shall be furnished to successful bidders on case to case basis. The contract value for each project specific case will be work out as per the rate quoted by the contractor in their offer.

## **8.0 ADDITIONAL EXPENDITURE AND LOSS/ DAMAGE:**

In case any additional expenditure is incurred in the works arising out of the faulty execution of the works by the contractor, such additional expenditure shall be borne by the contractor.

If due to contractor's personnel carelessness, negligence, non-observance of safety precautions, damage to BHEL/its Customer's property and/or personnel should occur, and if BHEL is unable to recover its claim from the Insurance Company, the deficit will be recovered from the Contractor

## **9.0 PROTECTION OF WORK & INSURANCE**

Contractor shall effectively protect his work, testing instruments, material from theft, damage or tempering at his own expenses till the work is finally taken over by the BHEL/Owner.

Contractor shall take insurance cover(s) to cover his testing instruments, Assets, workmen compensation and third party liability. The contractor shall make available the original insurance cover(s) to the Engineer for necessary verification before commencement of work.

## **10.0 TESTING ENGINEER AND INSTRUMENTS :**

Commissioning team shall not be allowed to change unless commissioning engineer/other staff are found incompetent & sick. Under such circumstances contractor has to supply replacement of engineer within 5 days. Contractor shall obtain prior permission from BHEL before releasing his manpower from site.

The contractor shall provide list of testing instruments to the BHEL before the commencement of work at site. These testing instruments shall not be removed from site without the written permission of the owner/BHEL.

### **11.0 COMMUNICATION:**

The Contractor will make his own arrangement for all his communication needs such as telephone, fax, internet etc.

### **12.0 QUALITY OF MANPOWER:**

On receipt of a specific work order for a site, the contractor will depute his team of engineers/ technicians to site, the contractor will depute his and will report to BHEL's testing engineers/ site incharge.

Contractor has to depute qualified personnel to BHEL's site who will present their credentials/ licence/ certificates to BHEL's testing engineer/ Site Incharge.

Contractor's manpower are expected to conduct themselves in most professional/ethical manner and must follow the directives given to them by BHEL's testing engineer/ site incharge.

If during the currency of the work any member of contractor's team found unqualified/ behaving in unethical/ unacceptable/ working in non-professional ways then BHEL reserves the right to expel such person from site. In such cases contractor has to provide alternate manpower qualified for the work within 72 hours on receipt of such information/ notice by e-mail/ phone/ letter.

In case alternate engineer/technician is not provided within stipulated time then the penalty equal to double the rate of manpower given in contract BOQ will be imposed on contractor.

If such alternate manpower is not provided within the time required by BHEL/ its customer then BHEL reserves the right to call such manpower from alternate source at the risk & cost of the contractor.

### **13.0 TRAVEL, TRANSPORTATION AND ACCOMMODATION**

13.1 BHEL shall reimburse to & fro train fare for engineers of testing & commissioning agency. Reimbursement of travel fare shall be limited to fare of AC 3-tier.

13.2 Luggage & porter expenses for transportation of testing equipment and instruments from vendor office and at Railway station to site/port (in case of overseas project) shall be reimbursed by BHEL against submission of documentary proof.

13.3 To & Fro local transportation for engineer / team of engineers shall be provided by BHEL. In case BHEL unable to provide the same, the rate offered by the contractor in the BOQ shall be payable.

13.4 BHEL shall provide free bachelor accommodation near the site of work for the stay of team of engineers. In case contractor is advised by BHEL to arrange their own accommodation, the change for the same shall be reimbursed as per the rate offered by the contractor in the BOQ.

#### **14.0 OVERSEAS PROJECT**

In addition to above terms & conditions followings special conditions shall be applicable for the overseas projects

- 14.1 BHEL shall reimburse to & fro fare for engineers of testing & commissioning agency. Reimbursement of travel fare shall be limited to fare of AC 3-tier for travel in India from vendor office to nearest railway station of the airport and economy class of low cost airlines for travel in abroad. Contractor will take prior approval along with their travel program from BHEL TBG.
- 14.2 Luggage & porter expenses for transportation of testing equipment and instrument from vendor office, railway station and at port in India shall be reimbursed by BHEL against submission of documentary proof. Inland transport in foreign location from airport to site will be arranged by BHEL.
- 14.3 BHEL shall provide free Lodging, Boarding (transit flat) and local transport.
- 14.4 Visa charges shall be reimbursed by BHEL at actual on submission of documentary proof.
- 14.5 Vendor will be full responsible for carriage, dispatch, safety, insurance, custom clearance (if involved), carriage of documents etc. Any penalty/demurrage (if levied) will be on vendors account. BHEL will pay custom duty if any (with prior approval of BHEL) for instruments etc. only if non-refundable. Charges of custom clearance agent will be reimbursed subject to limit of charges of BHEL approved agent if any with prior approval of Head/TBTS.
- 14.6 The quoted price should be inclusive of all charges but exclusive of all taxes and duties outside India. All taxes & duties for the testing and commission work as applicable in the concerned country shall be reimbursed to the contractor on submission of documentary proof. The contractor shall comply with all statutory rules, regulations, laws & shall follow applicable safety norms of the concerned country while performing the tests.
- 14.7 All payments shall be made in Indian rupees only.
- 14.8 Security arrangement which is available for BHEL staff if any at site shall be provided to contractor's engineers also.
- 14.9 Insurance of their team & testing instruments and medical insurance of their team shall be in the scope of the contractor. BHEL will not be responsible for any consequences arise at any stage of execution of the job.

**If any discrepancies found between “special conditions of contract” and “condition of contract for testing & commissioning works” the clauses mentioned in the “special conditions of contract” shall prevail.**