




Annexure- A

(Terms of Payment)

14.0 **TERMS OF PAYMENT**

- 14.1 After award of CONTRACT, the CONTRACTOR, under a Consortium shall submit break up the Schedule of Prices corresponding to the supplies/services/civil works assigned to each member of the consortium which shall be approved by Owner/Consultant. Such approved Billing Schedule shall govern the payment to each member of consortium.

Each member of Consortium shall raise separate invoices applicable for their part of scope of work as per the approved Billing Schedule and the OWNER shall pay directly to each member of the Consortium against such invoices. However, it is mandatory that such invoices shall be forwarded by covering letter issued by Consortium Leader Consortium leader will remain fully responsible for any excess payment or deficient payment made to consortium members.

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14.2 MOBILISATION ADVANCE

The CONTRACTOR shall be paid an **interest bearing** recoverable Mobilisation Advance equivalent to 10% (Ten percent) of the CONTRACT PRICE divided into two parts, namely 10% (Ten percent) of the Foreign Currency portion comprised in the Lumpsum price and 10% (Ten percent) of the Indian Rupees portion comprised in the Lumpsum price.

The interest rate shall be at Marginal cost of fund based landing rate (MCLR) for Six Month charged by SBI (applicable on the date of disbursement of Mobilisation Advance) plus 2.0% per annum on reducing balance basis.




The interest bearing Mobilization Advance shall be paid in two installments. The first installment of advance shall be maximum 50% of the Mobilisation Advance. Further, the disbursal of second installment of balance amount can be made at the end of 3 months from the first installment subject to submission of Utilization Certificate of first installment but not earlier than 3 months from the date of disbursal of first installment.

Mobilization Advance shall be paid subject to fulfillment of the following conditions:

- a) Unconditional Acceptance of Letter of Acceptance (LOA) by CONTRACTOR.
- b) Submission of Bank Guarantee(s) for 110% value covering the Foreign Currency portion and the Rupee portion of the said advance(s), valid for 3 months beyond MECHANICAL COMPLETION, from OWNER'S List of Approved Bank as per Annexure 1.20 and as per format Annexure 1.17. The CONTRACTOR shall at the request of the OWNER suitably extend the validity of the Bank Guarantee (s) for such period or periods as may be *required* to fully recover the amount of the Advance Payment not recovered before the expiry of the validity of such Bank Guarantee, failing which, without prejudice to any other right or remedy available to the OWNER, the OWNER shall be entitled to encash the Bank Guarantee (s)."
- c) Submission of Bank Guarantee(s) by way of Security Deposit as stipulated in Clause 8.0 of the GENERAL CONDITIONS OF CONTRACT. The CONTRACTOR shall at the request of the OWNER extend the validity of the Bank Guarantee(s) for such further period or periods as may be required failing which, without prejudice to any other right or remedy available to the OWNER, the OWNER shall be entitled to encash the Bank Guarantee(s).

Notes:




1. Where foreign currency advances are in more than one foreign currency, separate bank guarantees shall be given with respect to each foreign currency to be advanced.

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2. Where the lumpsum price is divided into more than one foreign currency, the Bank Guarantee by way of security deposit shall be given with reference to each of the specified currencies into which the lumpsum price has been split.
3. The CONTRACT PRICE for the purpose of Contract Security cum Performance Bank Guarantee would be derived on date of CONTRACT and would not be revised except in case scope of work is altered.
4. The advance paid to the CONTRACTOR shall be used only for execution of this CONTRACT and the CONTRACTOR shall satisfy the OWNER in this regard whenever required. If it is found that the said advance has been utilised by the CONTRACTOR in whole or part for any other purpose, the OWNER may at its discretion forthwith recall the entire advance and without prejudice to any other right or remedy available to the OWNER, recover the same by recourse to any Bank Guarantee(s).
5. Mobilization Advance (principal plus interest) (both Foreign Currency and Indian Rupees) shall be recovered from the Running Account Bills and shall be fully extinguished within 12 months from the date of disbursement of first instalment of advance. The percentage deduction from each RA bill shall be arrived at based on the total cumulative payment for 12 months as per billing schedule *[for example, if advance amount to be recovered (principal + interest) is Rs 48 Crore and the cumulative amount to be invoiced for first 12 months is 300 Crore as per billing schedule, then percentage deduction from each RA bill shall be made @16% (48/300 x 100)]* or

Note 1: Incase if the certified bills received are not sufficient enough to recover the said amount in 12 months, then 8.33% per month would be recovered from the said bill.

Note 2: Further incase the certified RA bill is not sufficient to recover the Mobilisation advance due on that particular month, then the unadjusted balance will be recovered in the subsequent certified RA bill.
6. Bank Guarantee furnished by the Contractor towards mobilization advance would be reduced quarterly subject to adjustment made from Contractors running bill.
7. The payment curve i.e. S curve/Monthly Payment Schedule should be prepared after considering the mobilization advance and it's recovery.
8. In case of termination of CONTRACT due to default by CONTRACTOR, advance Bank Guarantee shall be encashed and unadjusted advance payment recovery will become interest bearing (the interest rate shall be simple interest of six month MCLR + 5.25%) calculated from the date of disbursement of first instalment of advance.

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14.3 Subject to the other provisions of the Contract documents, payments shall be made as follows

14.3.1 Mobilisation Advance

Mobilization advance of 10% of CONTRACT PRICE, as indicated above, shall be given, if asked by the Bidder.

14.3.2

A FOR SUPPLIES

i) AGAINST PROOF OF SHIPMENT / DESPATCH OF MATERIALS




40% (Forty percent) on pro-rata basis of imported materials plus corresponding procurement and other charges for relative imports (on pro-rata basis) as indicated in the Bill of Materials and 40 % (Forty Percent) on pro-rata basis of the price of indigenous materials plus procurement and other charges for relative materials, as indicated in the Bill of Materials. Stage payment against "Proof of despatch of Materials" shall be released on submission of the following documents with the CONTRACTOR's invoice.

IMPORTED MATERIALS

- Signed invoice(s)
- 2 of 3 original Bill of Lading and 4 (four) non-negotiable copies
- Certificate of country of origin issued by a competent authority
- Packing list
- Manufacturer's certificate of inspection for shipment duly approved by the CONTRACTOR in one original and one photocopy
- Third Party Inspection Release Note clearly indicating that equipment/ material has been inspected and accepted as per QAP approved by OWNER, or waiver certificate issued by OWNER
- Insurance Certificate

INDIGENOUS MATERIALS

- Signed Invoice(s)
- Packing list.
- Manufacturer's certificate of inspection for shipment duly approved by the CONTRACTOR in one original and one photocopy

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- d) Third Party Inspection Release Note clearly indicating that material has been inspected and accepted as per QAP approved by OWNER, or waiver certificate issued by OWNER.
- e) Railway Receipt/LR
- f) Insurance Certificate

ii) **AGAINST RECEIPT OF MATERIAL AT SITE**




45% (Forty Five percent) along with all applicable taxes and duties on pro-rata basis of imported material plus corresponding procurement and other charges for relative materials as indicated in the Bill of Materials and 45 % (Forty Five percent) along with all applicable taxes and duties on pro-rata basis of the value of indigenous materials and procurement and other Charges for relative materials as indicated in the Bill(s) of Materials on submission of:

- (a) Signed Invoices.
- (b) Photocopy of Third Party Inspection certificate as per QAP approved by OWNER along with Test Certificate.
- (c) Entry gate pass duly endorsed by OWNER's security for verification of physical entry of material to SITE.
- (d) Certificate of Verification and Good Condition after receipt of material at site by Owner.

iii) 5 % (five percent) of imported material plus corresponding procurement and other charges for relative materials as indicated in the Bills of Materials and 5 % (five percent) of the value of indigenous materials and procurement and other Charges for relative materials as indicated in the Bill(s) of Materials on issue of MECHANICAL COMPLETION Certificate against CONTRACTOR's certified running Accounts Bill(s).

iv) 8% (Eight percent) of the imported materials plus corresponding procurement and other charges for relative materials as indicated in the Bill of Materials and 8% (Eight percent) of the value of indigenous materials and procurement and other charges for relative materials as indicated in the Bill of Materials on issue of PRELIMINARY ACCEPTANCE CERTIFICATE against the CONTRACTOR's certified Running Account Bills.

v) 2% (Two percent) of the imported materials plus corresponding procurement and other charges for relative materials as indicated in the Bill of Materials and 2% (Two percent) of the value of indigenous materials and procurement and other charges for relative materials as indicated in the Bill of Materials on completion of balance jobs, if any, against the CONTRACTOR's Certified Final Bill.

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14.3.3 FOR SERVICES




- i) 85% (Eighty Five Percent) of the Services Price component shall be paid on pro-rata basis against progress of Services duly certified by the OWNER for the quantum of work completed and field quality billed as per the approved Billing Schedule/monthly progress report, after adjustment of mobilization advance, if any.
- ii) 5% (five percent) on issue of MECHANICAL COMPLETION Certificate against CONTRACTOR's certified running Accounts Bill(s).
- iii) 8% (Eight percent) on issue of PRELIMINARY ACCEPTANCE CERTIFICATE against the CONTRACTOR's certified Running Account Bills.
- iv) 2% (Two percent) on completion of balance jobs, if any, against the CONTRACTOR's Certified Final Bill.

14.3.4 FOR CIVIL AND STRUCTURAL WORKS

- i) 85% (Eighty Five Percent) of the Civil and Structural Works Price component shall be paid on pro-rata basis against progress of Civil and Structural Works duly certified by the OWNER for the quantum of work completed and field quality billed as per the approved Billing Schedule/monthly progress report, after adjustment of mobilization advance, if any.
- i) 5% (five percent) on issue of MECHANICAL COMPLETION Certificate against CONTRACTOR's certified running Accounts Bill(s).
- ii) 8% (Eight percent) on issue of PRELIMINARY ACCEPTANCE CERTIFICATE against the CONTRACTOR's certified Running Account Bills.
- iii) 2% (Two percent) on completion of balance jobs, if any, against the CONTRACTOR's Certified Final Bill.

14.3.5 TRAINING OF OWNERS PERSONNEL AS PER SECTION-12, PART-II, TECHNICAL

100% (Hundred Percent) of payment shall be released on completion of training based on the actual number of personnel deployed for training.

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14.3.5 INLAND TRANSPORTATION

All Equipment/materials (excluding Spares and Consumables for 120 months O&M services)

100% (Hundred Percent) of Local Transportation charges (including port clearance, port handling and port charges etc., if applicable, and inland transit insurance charges) for the plant and equipment shall be paid to the Contractor pro-rata to the value of the equipment/commissioning spares received at site and on production of invoices by the Contractor. The aggregate of all such pro-rata payments shall, however, not exceed the total amount identified in the Contract for Local Transportation.

14.3.6 OPERATION & MAINTAINANCE (O & M) SERVICES

O&M services including supply of all Spares and consumables for 120 months will be in Contractors scope.

14.3.6.1 O&M service cost will be paid @ 2% of the awarded CONTRACT PRICE (excluding taxes & duties) per year . The awarded CONTRACT PRICE (excluding taxes & duties) in different currencies shall be converted to INR. The conversion rate available on RBI website, of foreign currencies to INR, shall be date of PRELIMINARY ACCEPTANCE.

Payment for O&M Charges will be paid in each year on quarterly basis.




14.3.6.2. FOR O&M SPARES (IMPORTED/INDIGENOUS), CATALYSTS, CHEMICALS, LUBRICANTS, ADSORBENTS

Against Receipt of Material at Site

100% (Hundred percent) along with all applicable taxes and duties of imported material/spares plus corresponding procurement and other charges for relative materials as indicated in the Bill of Materials and 100% (Hundred percent) along with all applicable taxes and duties of indigenous materials/spares and other Charges for relative materials as indicated in the Bill(s) of Materials on submission of:

IMPORTED MATERIALS

- Signed invoice(s)
- 2 of 3 original Bill of Lading and 4 (four) non-negotiable copies
- Certificate of country of origin issued by a competent authority
- Packing list
- Manufacturer's certificate of inspection for shipment duly approved by the CONTRACTOR in one original and one photocopy

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- f) Third Party Inspection Release Note clearly indicating that equipment/ material has been inspected and accepted as per QAP approved by OWNER, or waiver certificate issued by OWNER
- g) Insurance Certificate
- (h) Entry gate pass duly endorsed by OWNER's security for verification of physical entry of material to SITE.
- (i) Certificate of Verification and Good Condition after receipt of material at site by Owner.

INDIGENOUS MATERIALS

- a) Signed Invoice(s)
- b) Packing list.
- c) Manufacturer's certificate of inspection for shipment duly approved by the CONTRACTOR in one original and one photocopy
- d) Third Party Inspection Release Note clearly indicating that material has been inspected and accepted as per QAP approved by OWNER, or waiver certificate issued by OWNER.
- e) Railway Receipt/LR
- f) Insurance Certificate
- (g) Entry gate pass duly endorsed by OWNER's security for verification of physical entry of material to SITE.
- (h) Certificate of Verification and Good Condition after receipt of material at site by Owner.




14.4 All payments other than the Mobilization Advance shall be released only after finalization of the planning and monitoring documents and Progress Schedule.

14.5 All invoices shall be submitted in quadruplicate to PROJECT MANAGER by the Bidder. The payment shall be released within 30 days of submission of invoice.

14.6 Payment of customs duties:

Owner now agrees to make payment of customs duty within one month of submission of documentary evidence towards payment of customs duty along with all relevant supporting documents specified in ITB. However such payment will be restricted to only one payment per month subject to monthly cash flow submitted by Bidder.

14.7 Deleted

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14.8 PAYMENT SECURITY - LETTER OF CREDIT (L/C)

14.8.1 For payments other than Mobilization Advance through L/C

The OWNER will establish an irrevocable at-sight revolving Letter of Credit (L/C) in favour of the CONTRACTOR through the OWNER's Bank in India for payments due against foreign Supplies and Services of foreign origin covered under CONTRACT, as per Terms of Payment subject to condition that the Contract Agreements has been signed between the Parties.

The value of L/C shall be automatically and immediately revolved/reinstated at the time of each payment. The cumulative withdrawal under such L/C shall be limited to the value as determined by monthly payment schedule. The revolving amount of such L/C will be mutually determined as per the approved payment schedule based on monthly payment schedule. The other terms of L/C and also the timing shall be mutually discussed and agreed to between OWNER and CONTRACTOR.

- 14.8.2 The bank charges relating to such Letter of Credit outside India, if any shall be to CONTRACTOR's account, while the charges payable to bankers in India shall be to Owner account. If the CONTRACTOR wants confirmed Letter of Credit, the confirmation charges for the same will be to CONTRACTOR's account.