

General Conditions of Contract- Volume-1C  
(Common for PE&SD, Hyderabad)

BHARAT HEAVY ELECTRICALS LIMITED  
General Conditions of Contract (Common for PE&SD, Hyderabad) Rev3.0, 05th Sept 2024

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**CHAPTER -1****1. GENERAL INSTRUCTION TO TENDERERS****1.1. DESPATCH INSTRUCTION**

- i) The General Conditions of Contract form part of the Tender specifications. For this tender, bidders shall use electronic Signature viz Digital Signature Certificate while uploading the tender documents on the e-procurement portal. The information furnished shall be complete by itself. The tenderer is required to furnish all the details and other documents as required in the following pages.
- ii) Tenderers are advised to study all the tender documents carefully. Any submission of tender by the tenderer shall be deemed to have been done after careful study and examination of the tender documents and with the full understanding of the implications thereof. Should the tenderers have any doubt about the meaning of any portion of the Tender Specification or find discrepancies or omissions in the drawings or the tender documents issued are incomplete or shall require clarification on any of the technical aspect, the scope of work etc., he shall at once, contact the authority inviting the tender well in time (so as not to affect last date of submission) for clarification before the submission of the tender. Tenderer's request for clarifications shall be with reference to Sections and Clause numbers given in the tender documents. The specifications and terms and conditions shall be deemed to have been accepted by the tenderer in his offer. Non compliance with any of the requirements and instructions of the tender enquiry may result in the rejection of the tender.
- iii) Integrity pact (IP) shall be applicable for all tenders / contracts if indicated in NIT. This integrity pact shall be issued as part of the Tender documents and shall be returned by the bidder along with Techno-commercial bid duly filled, signed and stamped by the authorized signatory who signs the bid. Only those vendors / bidders who have entered into such an IP with BHEL shall be considered qualified to participate in the bidding. Entering into this pact shall be a preliminary qualification.

**1.2. SUBMISSION OF TENDERS**

- 1.2.1 The tenderers must submit their tenders to Officer inviting tender as per instructions in the NIT.

Offer shall be submitted online in e-procurement portal.

NO other mode of offer submission shall be acceptable & shall be rejected.

**Note: Party can review & revise their submitted offers till due date & time of submission**

- 1.2.2 Tenders shall be submitted through E-Procurement portal as per instruction in NIT. Tenderers to upload offers well in advance in order to avoid last minute congestion in e-procurement website. However, after submission of the tender, the tenderer can re-submit revised tender but before due date and time of submission of tender as notified.
- 1.2.3 Tenders shall be opened by Officer of BHEL at the time and date as specified in the NIT.

For this tender, bidders may mark their presence online through provisions available in e-procurement portal.

- 1.2.4 Tenderers whose bids are found techno commercially qualified shall be notified through e-procurement system about the date and time of opening of the Price Bids. BHEL's decision in this regard shall be final and binding.
- 1.2.5 Before submission of Offer, the tenderers are advised to inspect the site of work and the environments and be well acquainted with the actual working and other prevalent conditions, facilities available, position of material and labour, means of transport and access to Site, accommodation, etc. No claim will be entertained later on the grounds of lack of knowledge of any of these conditions.

The tenderer may get aware about weather conditions, contingencies & other circumstances which may influence or affect their tender prices. Invariable of inspection by the tenderer, the tenderer shall be considered deemed acquainted with all site conditions such as rain patterns, hazardous conditions, soil patterns, local factors etc. Tenderer to have satisfied himself in all respect before quoting his rates and no claim will be entertained later on the grounds of lack of knowledge of any of these conditions.

### **1.3. LANGUAGE**

- 1.3.1 The tenderer shall quote the rates in English language and international numerals. These rates shall be entered in figures as well as in words. For the purpose of the tenders, the metric system of units shall be used.
- 1.3.2 All entries in the tender shall either be typed or written legibly in ink. Erasing and over-writing is not permitted and may render such tenders liable for rejection. All cancellations and insertions shall be duly attested by the tenderer.

### **1.4 PRICE DISCREPANCY:**

- 1.4.1 **Price Bid opening:** During opening of price bids, if there is any difference between the amount in figures and in words, the amount quoted by the bidder in words shall be taken as correct.
- 1.4.2 **Reverse Auction:** In case of Reverse Auction, the successful bidder shall undertake to execute the work as per overall price offered by him during the Reverse Auction process. (Guidelines as available on [www.bhel.com](http://www.bhel.com) on "supplier registration page".).

### **1.5. QUALIFICATION OF TENDERERS**

- i) Only tenderers who have previous experience in the work of the nature and description detailed in the Notice Inviting Tender and/or tender specification are expected to quote for this work duly detailing their experience along with offer
- ii) Offers from tenderers who do not have proven and established experience in the field shall not be considered.

- iii) The offers of the bidders who are on the debarred list and also the offer of the bidders, who engage the services of the debarred firms, shall be rejected. The list of debarred firms is available on BHEL web site [www.bhel.com](http://www.bhel.com).
- iv) Offers from tenderers who do not comply with the latest guidelines of Ministry/Commissions of Govt of India shall not be considered.

#### **1.6. EVALUATION OF BIDS**

- i) Technical Bids submitted by the tenderer will be opened first and evaluated for fulfilling the Pre-Qualification Requirement and other conditions in NIT/Tender documents, based on documentary evidences submitted along with the offer.
- ii) In case the same qualifying experience is claimed by more than one agency, then:
  - a. The agency who has executed the work as per documentary evidence submitted shall only be qualified. Scope of qualifying work should be totally with the agency who has executed and in case it is only labour and consumables without T&P, then the credentials of execution is assigned to the first agency and not to the agency who has executed only as labour supply contractor. Further, BHEL reserves the right to ask for any other proof for the said job.
  - b. However, if the same is on account of subletting part of scope by one agency to another agency in a project of BHEL, experience of both the agencies may be considered for the sublet portion of the work provided subletting has been done with the approval of BHEL.
- iii) In case the qualifying experience is claimed by private organizations (sub-agency) based on 'Work Order' and 'Experience Certificates' from a non-BHEL organization (main agency), then it shall be the responsibility of sub-agency to submit (in addition to the experience certificate from main agency) relevant certificate regarding qualifying experience from the end Customer or the Turnkey-Contractor (if any) who has awarded the work to main agency, as a proof for having executed subject qualifying work. BHEL reserves the right to ask for any other proof for the said job.
- iv) Assessing Bidder Capacity for executing the current tender shall be as per Notice Inviting Tender.
- v) Price Bids of shortlisted bidders shall only be opened through the electronic price bid opening with/without Reverse Auction, at the discretion of BHEL. Unless specified otherwise in the tender, the L1 bidder amongst all the shortlisted bidders shall be considered for award. However, the L1 bidder shall have no claim on the award & BHEL reserves the right to award the tender at its sole discretion.
- vi) Price Bids of unqualified bidders shall not be opened. Reasons for rejection shall be intimated in due course after issue of LOI/LOA to successful bidder either through system generated e-mail or through letter/e-mail.
- v) Bidders are advised to also refer to clause no 2.9.4 regarding evaluation of their

performance in ongoing projects for the current tender.

#### **1.7. DATA TO BE ENCLOSED**

Full information shall be given by the tenderer in respect of the following. Non-submission of this information may lead to rejection of the offer.

i) **INCOME TAX PERMANENT ACCOUNT NUMBER**

Certified copies of Permanent Account Numbers as allotted by Income Tax Department for the Company/Firm/Individual Partners, etc. shall be furnished along with tender.

ii) **ORGANIZATION CHART**

The organization chart of the tenderer's organization, including the names, addresses and contact information of the Directors/Partners shall be furnished along with the offer.

iii) **An attested copy of the Power of Attorney, in case the tender is signed by an individual other than the sole proprietor.**

iv) **IN CASE OF INDIVIDUAL TENDERER:**

His / her full name, address and place & nature of business.

v) **IN CASE OF PARTNERSHIP FIRM**

The names of all the partners and their addresses, A copy of the partnership deed/instrument of Partnership duly certified by the Notary Public shall be enclosed.

vi) **IN CASE OF COMPANIES:**

- a. Date and place of registration including date of commencement certificate in case of Public Companies (certified copies of Memorandum and articles of Association are also to be furnished).
- b. Nature of business carried on by the Company and the provisions of the Memorandum relating thereof.

#### **1.8. AUTHORIZATION AND ATTESTATION**

Tenders shall be signed by a person duly authorized/empowered to do so, for which a Power of Attorney is to be submitted along with the tender offer. For company, a Power of Attorney (as per format in Volume-I D) shall be submitted.

**1.8 EARNEST MONEY DEPOSIT**

**1.9.1** Every tender must be accompanied by the prescribed amount of Earnest Money Deposit (EMD) in the manner described herein.

- i) EMD shall be furnished along with the offer in full as per the amount indicated in the Special Conditions of Contract / NIT.
- ii) The EMD up to an amount of Rs. 2 Lakh is to be paid only in the following forms:
  - (a) Cash deposit as permissible under the extant Income Tax Act (before tender opening).
  - (b) Electronic Fund Transfer credited in BHEL account (before tender opening).
  - (c) Banker's cheque / Pay order / Demand draft, in favour of 'Bharat Heavy Electricals Limited' and payable at Regional HQ issuing the tender (along with offer).
  - (d) Fixed Deposit Receipt (FDR) issued by Scheduled Banks/ Public Financial Institutions as defined in the Companies Act (FDR should be in the name of the Contractor, a/c BHEL) (along with offer). The Fixed Deposit in such cases shall be valid for at least six months from the due date of tender submission.
  - (e) Insurance Surety Bonds.
- iii) In case EMD amount is more than Rs. Two Lakhs, Tenderer has the option to submit the amount in excess of Rs. Two lakhs in the forms described above in clause no. 1.9.1. ii) (a) to (e) or in the form of Bank Guarantee from Scheduled Bank (along with the Offer). The Bank Guarantee in such cases shall be valid for at least six months from the due date of tender submission. The Bank Guarantee format for EMD shall be in the prescribed formats.
- iv) No other form of EMD remittance shall be acceptable to BHEL.
- v) Proof of EMD: Bidder shall upload the scanned copy of EMD along with bid submission through BHEL e-procurement Portal. However, for the purpose of realization, the bidder shall send the demand draft/ banker's cheque/ pay order/ Bank Guarantee/ FDR/ Insurance Surety Bonds, in original, to the designated officer through post/courier or by hand within reasonable time. Note: In case required EMD/scanned copy of EMD as above is not available at the time of Technical Bid opening, offer of the bidder may not be considered for further processing at BHEL discretion.

**1.9.2** EMD by the Tenderer will be forfeited as per NIT conditions, if:

- i) After opening the tender and within the offer validity period, the tenderer revokes his tender or makes any modification in his tender which is not acceptable to BHEL.



ii) The successful Contractor, on whom the work has been awarded, fails to deposit the required Security deposit or commence the work within the period as per LOI/ LOA/ Contract.

EMD by the tenderer shall be withheld in case any action on the tenderer is envisaged under the provisions of extant "Guidelines on Suspension of business dealings with suppliers/ contractors" and forfeited/ released based on the action as determined under these guidelines.

**1.9.3** EMD shall not carry any interest.

**1.9.4** In the case of unsuccessful bidders, the Earnest Money will be refunded to them within a reasonable time after award of work.

**1.9.5** Cash portion of EMD of successful tenderer will be retained as part of Security Deposit. EMD submitted in the form of Bank Guarantee/ FDR shall be retained by BHEL until the receipt of the Security Deposit.

## **1.10 SECURITY DEPOSIT**

**1.10.1** Upon acceptance of Tender, the successful Tenderer should deposit the required amount of Security Deposit towards fulfilment of any obligations in terms of the provisions of the contract.

The total amount of Security Deposit will be 5% (Five percent only) of the contract value. EMD of the successful tenderer shall be converted and adjusted towards the required amount of Security Deposit.

**1.10.2** The security Deposit should be furnished by the contractor within fifteen days of issue of "Letter of Award/Work Order" or start of the work, whichever is earlier. Bidder has to submit performance security required for the execution of the contract within the time period mentioned above. In case of delay in submission of performance security, enhanced performance security which would include interest (repo rate + 4%) for the delayed period, shall be submitted by the bidder. Further, if performance security is not submitted till such time the first bill becomes due, the amount of performance security due shall be recovered as per terms defined in NIT/Contract, from the bills along with due interest. The component of interest submitted/recovered as mentioned above shall not be refunded in any circumstance.

**1.10.3** The required Security Deposit may be accepted in the following forms.

i) Cash (as permissible under the extant Income Tax Act).

ii) Local cheques of Scheduled Banks (subject to realization)/ Pay Order/ Demand Draft/ Electronic Fund Transfer in favour of BHEL.

iii) Securities available from Indian Post offices such as National Savings Certificates, Kisan Vikas Patras etc. (held in the name of Contractor furnishing the security and duly endorsed/ hypothecated/ pledged, as applicable, in favour of BHEL).

iv) Bank Guarantee from Scheduled Banks/ Public Financial Institutions as defined in the Companies Act. The Bank Guarantee format for Security Deposit shall be in the prescribed formats.

v) Fixed Deposit Receipt issued by Scheduled Banks/ Public Financial Institutions as defined in the Companies Act (FDR should be in the name of the Contractor, a/c BHEL).

vi) Insurance Surety Bonds.

**Note:** 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.

1.10.4 The Security Deposit shall not carry any interest.

1.10.5 In case the value of work exceeds / reduces from the awarded / accepted value, the Security Deposit shall be correspondingly enhanced / reduced as given below:

- i) The enhanced part of the Security Deposit shall be immediately deposited by the Contractor or adjusted against payments due to the Contractor.
- ii) Contract value for the purpose of operating the increased value of Security Deposit due to Quantity Variation, shall be exclusive of Price Variation Clause, Over Run Compensation and Extra works done on manday rates.
- iii) The recoveries made from running bills can be released against submission of equivalent Bank Guarantee in acceptable form, but only once, before completion of work, with the approval of competent authority of BHEL.

1.10.6 The validity of Bank Guarantees towards Security Deposit shall be initially up to the completion period as stipulated in the Letter of Intent/ Award + Guarantee Period + 3 months, and the same shall be kept valid by proper renewal by the contractor till the acceptance of Final Bills of the Contractor by BHEL.

1.10.7 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 contract. BHEL reserves the right to set off the Security Deposit against any claims of other contracts with BHEL.

#### **1.11 RETURN OF SECURITY DEPOSIT**

Security Deposit shall be released to the contractor upon fulfillment of contractual obligations as per terms of the contract including completion of Guarantee Period after deducting all expenses / other amounts due to BHEL under the contract / other contracts entered into with them by BHEL.

**1.12 BANK GUARANTEES**

Wherever Bank Guarantees are to be furnished/submitted by the contractor, the following shall be complied with.

- i) Bank Guarantees shall be from Scheduled Banks / Public Financial Institutions as defined in the Companies Act. Bank Guarantees issued by Co-Operative Banks/ Financial Institutions shall not be accepted.
- ii) The Bank Guarantees shall be as per prescribed formats.
- iii) It is the responsibility of the bidder to get the Bank Guarantees revalidated/extended for the required period as per the advice of BHEL Site Engineer / Construction Manager. BHEL shall not be liable for issue of any reminders regarding expiry of the Bank Guarantees.
- iv) In case extension/further extensions of any Bank Guarantees are not required, the bidders shall ensure that the same is explicitly endorsed by the Construction Manager and submitted to the HQ issuing the LOI/LOA.
- v) In case the Bank Guarantees are not extended before the expiry date, BHEL reserves the right to invoke the same by informing the concerned Bank in writing, without any advance notice/communication to the concerned bidder.
- vi) Bidders to note that any corrections to Bank Guarantees shall be done by the issuing Bank, only through an amendment in an appropriate non judicial stamp paper.
- vii) The Original Bank Guarantee shall be sent directly by the Bank to BHEL under Registered Post (Acknowledgement Due), addressed to the Subcontracting Department of the PE&SD, BHEL, Hyderabad.

**1.13 VALIDITY OF OFFER**

The rates in the Tender shall be kept open for acceptance for a minimum period of **SIX MONTHS** from latest due date of offer submission (including extension, if any). In case BHEL (Bharat Heavy Electricals Ltd) calls for negotiations, such negotiations shall not amount to cancellation or withdrawal of the original offer which shall be binding on the tenderers.

**1.14 EXECUTION OF CONTRACT AGREEMENT**

The successful tenderer's responsibility under this contract commences from the date of issue of the Letter of Intent/ Award by Bharat Heavy Electricals Limited. The Tenderer shall submit an unqualified acceptance to the Letter of Intent/Award within the period stipulated therein.

The successful tenderer shall be required to execute an agreement in the prescribed form, with BHEL, within a reasonable time after the acceptance of the Letter of Intent/Award, and in any case before releasing the first running bill. The contract agreement shall be signed by a person duly authorized/empowered by the tenderer.

**1.15 REJECTION OF TENDER AND OTHER CONDITIONS**

1.15.1 The acceptance of tender will rest with BHEL which does not bind itself to accept the lowest tender or any tender and reserves to itself full rights for the following without assigning any reasons whatsoever:-

- a. To reject any or all of the tenders.
- b. To split up the work amongst two or more tenderers as per NIT
- c. To award the work in part if specified in NIT
- d. In case of either of the contingencies stated in (b) and (c) above, the time for completion as stipulated in the tender shall be applicable.

1.15.2 Conditional tenders, unsolicited tenders, tenders which are incomplete or not in the form specified or defective or have been materially altered or not in accordance with the tender conditions, specifications etc., are liable to be rejected.

1.15.3 Tenders are liable to be rejected in case of unsatisfactory performance of the tenderer with BHEL, or tenderer under suspension (hold/banning /delisted ) by any unit / region / division of BHEL or tenderers who do not comply with the latest guidelines of Ministry/Commissions of Govt of India. BHEL reserves the right to reject a bidder in case it is observed that they are overloaded and may not be in a position to execute this job as per the required schedule in line with clause no. 9.0 of the 'NIT'. The decision of BHEL will be final in this regard.

1.15.4 If a tenderer who is a proprietor expires after the submission of his tender or after the acceptance of his tender, BHEL may at their discretion, cancel such tender. If a partner of a firm expires after the submission of tender or after the acceptance of the tender, BHEL may then cancel such tender at their discretion, unless the firm retains its character.

1.15.5 BHEL will not be bound by any Power of Attorney granted by changes in the composition of the firm made subsequent to the execution of the contract. They may, however, recognise such power of Attorney and changes after obtaining proper legal advice, the cost of which will be chargeable to the contractor concerned.

1.15.6 If the tenderer deliberately gives wrong information in his tender, BHEL reserves the right to reject such tender at any stage or to cancel the contract if awarded and forfeit the Earnest Money/Security Deposit/any other money due.

1.15.7 Canvassing in any form in connection with the tenders submitted by the Tenderer shall make his offer liable to rejection.

1.15.8 In case the Proprietor, Partner or Director of the Company/Firm submitting the Tender, has any relative or relation employed in BHEL, the authority inviting the Tender shall be informed of the fact as per specified format, along with the Offer. Failing to do so, BHEL

may, at its sole discretion, reject the tender or cancel the contract and forfeit the Earnest Money/Security Deposit.

- 1.15.9 The successful tenderer (Contractor) should not sub-contract any portion of work detailed in the tender specification undertaken by him without written permission of BHEL's Construction Manager/Site in charge. BHEL, at its discretion, may consider the written request from the Contractor and permit subletting of part scope. However, the Contractor is solely responsible to BHEL for the work awarded to him.
- 1.15.10 The tender submitted by a techno commercially qualified tenderer shall become the property of BHEL who shall be under no obligation to return the same to the bidder.
- 1.15.11 Unsolicited discount received after the due date and time of Bid Submission shall not be considered for evaluation. However, if the party who has submitted the unsolicited discount/rebate becomes the L-I party, then the awarded price i.e contract value shall be worked out after considering the discount so offered.
- 1.15.12 BHEL shall not be liable for any expenses incurred by the bidder in the preparation of the tender irrespective of whether the tender is accepted or not.

#### **1.16 INTIMATION OF CHANGE OF NAME/ RE-CONSTITUTION OF THE ORGANIZATION:**

In the event of the organization (Proprietorship/Partnership/Company) undergoing any change of name or reconstitution, prior intimation of the same shall be given to BHEL. Upon such changes coming into effect, the same is to be intimated to BHEL immediately with supporting documents as applicable.

Further, the new entity has to intimate BHEL in writing that they will honor all the earlier commitments in respect of the subject contract.

## **CHAPTER-2**

**2.1 DEFINITION:** The following terms shall have the meaning hereby assigned to them except where the context otherwise requires

- i) BHEL shall mean Bharat Heavy Electricals Limited (of PE&SD, Hyderabad), a company registered under Indian Companies Act 1956, with its Registered Office at BHEL HOUSE, SIRI FORT, NEW DELHI – 110 049, or its Power Sector Regional Offices/PESD HQ or its Authorised Officers or its Site Engineers or other employees authorised to deal with any matters with which these persons are concerned on its behalf.
- ii) “EXECUTIVE DIRECTOR” or ‘GROUP GENERAL MANAGER’ or “GENERAL MANAGER (Incharge)” or “GENERAL MANAGER” shall mean the Officer in Administrative charge of PE&SD, Hyderabad.
- iii) “COMPETENT AUTHORITY” shall mean Executive Director or Group General Manager or General Manager (Incharge) or General Manager or BHEL Officers who are empowered to act on behalf of the Executive Director or General Manager (Incharge) or General Manager of BHEL.
- iv) “ENGINEER” or “ENGINEER IN CHARGE” shall mean an Officer of BHEL as may be duly appointed and authorized by BHEL to act as “Engineer” on his behalf for the purpose of the Contract, to perform the duty set forth in this General Conditions of Contract and other Contract documents. The term also includes ‘CONSTRUCTION MANAGER’ or ‘SITE INCHARGE’ as well as Officers at Site or at the Headquarters of PE&SD, Hyderabad.
- v) “SITE” shall mean the places or place at which the plants/equipments are to be erected and services are to be performed as per the specification of this Tender.
- vi) “CLIENT OF BHEL” or “CUSTOMER” shall mean the project authorities with whom BHEL has entered into a contract for supply of equipments or provision of services.
- vii) “CONTRACTOR” shall mean the successful Bidder/Tenderer who is awarded the Contract and shall include the Contractor’s successors, heirs, executors, administrators and permitted assigns.
- viii) “CONTRACT” or “CONTRACT DOCUMENT” shall mean and include the Agreement of Work Order, the accepted appendices of Rates, Schedules, Quantities if any, General Conditions of Contract, Special Conditions of Contract, Instructions to the Tenderers, Drawings, Technical Specifications, the Special Specifications if any, the Tender documents, subsequent amendments mutually agreed upon and the Letter of Intent/Award/Acceptance issued by BHEL. Any conditions or terms stipulated by the contractor in the tender documents or subsequent letters shall not form part of the contract unless, specifically accepted in writing by BHEL in the Letter of Intent/Award and incorporated in the agreement.
- ix) “GENERAL CONDITIONS OF CONTRACT” shall mean the ‘Instructions to Tenderers’ and ‘General Conditions of Contract’ pertaining to the work for which above tenders have

been called for.

- x) "TENDER SPECIFICATION" or "TENDER" or "TENDER DOCUMENTS" shall mean General Conditions, Common Conditions, Special Conditions, Price Bid, Rate Schedule, Technical Specifications, Appendices, Annexures, Corrigendums, Amendments, Forms, procedures, Site information, etc and drawings/documents pertaining to the work for which the tenderers are required to submit their offers. Individual specification number will be assigned to each Tender Specification.
- xi) "LETTER OF INTENT/ AWARD" shall mean the intimation by a Letter/Fax/email to the tenderer that the tender has been accepted in accordance with provisions contained in the letter. The responsibility of the contractor commences from the date of issue of this letter and all terms and conditions of the contract are applicable from this date.
- xii) "COMPLETION TIME" shall mean the period by 'date/month' specified in the 'Letter of Intent/Award' or date mutually agreed upon for handing over of the intended scope of work, the erected equipment/plant which are found acceptable by the Engineer, being of required standard and conforming to the specifications of the Contract.
- xiii) "PLANT" shall mean and connote the entire assembly of the plant and equipments covered by the contract.
- xiv) "EQUIPMENT" shall mean equipment, machineries, materials, structural, electricals and other components of the plant covered by the contract.
- xv) "TESTS" shall mean and include such test or tests to be carried out on the part of the contractor as are prescribed in the contract or considered necessary by BHEL, in order to ascertain the quality, workmanship, performance and efficiency of the contractor or part thereof.
- xvi) "APPROVED", "DIRECTED" or "INSTRUCTED" shall mean approved, directed or instructed by BHEL.
- xvii) "WORK or CONTRACT WORK" shall mean and include supply of all categories of labour, specified consumables, tools and tackles and Plants required for complete and satisfactory site transportation, handling, stacking, storing, erecting, testing and commissioning of the equipments to the entire satisfaction of BHEL.
- xviii) "SINGULAR AND PLURALS ETC" words carrying singular number shall also include plural and vice versa, where the context so requires. Words imparting the masculine Gender shall be taken to include the feminine Gender and words imparting persons shall include any Company or Associations or Body of Individuals, whether incorporated or not.
- xix) "HEADING" – The heading in these General Conditions are solely for the purpose of facilitating reference and shall not be deemed to be part thereof or be taken as instructions thereof or of the contract.

- xx) "MONTH" shall mean calendar month unless otherwise specified in the Tender.
- xxi) Day' or 'Days' unless herein otherwise expressly defined shall mean calendar day or days of twenty four (24) hours each. A week shall mean continuous period of seven (7) days.
- xxii) "COMMISSIONING" shall mean the synchronisation testing and achieving functional operation of the Equipment with associated system after all initial adjustments, trials, cleaning, re-assembly required at site if any, have been completed and Equipment with associated system is ready for taking into services.
- xxiii) "WRITING" shall include any manuscript type written or hand written or printed statement or electronically transmitted messages, under the signature or seal or transmittal of BHEL.
- xxiv) "TEMPORARY WORK" shall mean all temporary works for every kind required in or for the execution, completion, maintenance of the work.
- xxv) 'CONTRACT PRICE' or 'CONTRACT VALUE' shall mean the sum mentioned in the LOI/LOA/Contract Agreement subject to such additions thereto or deductions there from as may be made under provisions hereinafter contained.
- xxvi) EXECUTED CONTRACT VALUE' shall mean actual value of works executed by the contractor and certified by BHEL. This value shall not include PVC, ORC, Extra Works and Taxes.
- xxvii) "COMMENCEMENT DATE" or "START DATE" shall mean the commencement/start of work at Site as per terms defined in the Tender.
- xxviii) "SHORT CLOSING" or "FORE CLOSING" of Contract shall mean the premature closing of Contract, for reasons not attributable to the contractor and mutually agreed between BHEL and the contractor.
- xxix) "TERMINATION" of Contract shall mean the pre mature closing of contract due to reasons as mentioned in the contract.
- xxx) "DE MOBILISATION" shall mean the temporary winding up of Site establishment by Contractor leading to suspension of works temporarily for reasons not attributable to the contractor.
- xxxi) "RE MOBILISATION" shall mean the resumption of work with all resources required for the work after demobilization.

## **2.2 LAW GOVERNING THE CONTRACT AND COURT JURISDICTION**

The contract shall be governed by the Law for the time being in force in the Republic of India. Subject to clause 2.21.1 or 2.21.2 of this contract, the Civil Court having original Civil Jurisdiction at Hyderabad for PESD, shall alone have exclusive jurisdiction in



regard to all matters in respect of the Contract.

## **2.3 ISSUE OF NOTICE**

### **2.3.1 Service of notice on contractor**

Any notice to be given to the Contractor under the terms of the contract shall be served by sending the same **by Registered Post / Speed Post to** or leaving the same at the Contractor's last known address of the principal place of business (or in the event of the contractor being a company, to or at its Registered Office). In case of change of address, the notice shall be served at changed address as notified in writing by the Contractor to BHEL. Such posting or leaving of the notice shall be deemed to be good service of such notice and the time mentioned to the condition for doing any act after notice shall be reckoned from the date so mentioned in such notice.

### **2.3.2 Service of notice on BHEL**

Any notice to be given to BHEL in-charge/PE&SD Hyderabad under the terms of the Contract shall be served by sending the same by post to or leaving the same at BHEL address or changed address as notified in writing by BHEL to the Contractor.

## **2.4 USE OF LAND**

No land belonging to BHEL or their Customer under temporary possession of BHEL shall be occupied by the contractor without written permission of BHEL.

## **2.5 COMMENCEMENT OF WORK**

**2.5.1** The contractor shall commence the work as per the time indicated in the Letter of Intent/Award from BHEL and shall proceed with the same with due expedition without delay.

**2.5.2** If the contractor fails to start the work within stipulated time as per LOI/ LOA or as intimated by BHEL, then BHEL at its sole discretion will have the right to cancel the contract. The Earnest Money and/or Security Deposit with BHEL will stand forfeited without any further reference to him without prejudice to any and all of BHEL's other rights and remedies in this regard.

**2.5.3** All the work shall be carried out under the direction and to the satisfaction of BHEL.

## **2.6 MEASUREMENT OF WORK AND MODE OF PAYMENT:**

**2.6.1** All payments due to the contractors shall be made by e mode only, unless otherwise found operationally difficult for reasons to be recorded in writing.

**2.6.2** For progress running bill payments: - The Contractor shall present detailed measurement sheets in triplicate, duly indicating all relevant details based on technical documents and connected drawings for work done during the month/period under various categories in line with terms of payment as per contract. The basis of arriving at the quantities, weights shall be relevant documents and drawings released by BHEL.

These measurement sheets shall be prepared jointly with BHEL Engineers and signed by both the parties.

- 2.6.3** These measurement sheets will be checked by BHEL Engineer and quantities and percentage eligible for payment under various groups shall be decided by BHEL Engineer. The abstract of quantities and percentage so arrived at based on the terms of payment shall be entered in Measurement Book and signed by both the parties.
- 2.6.4** Based on the above quantities, contractor shall prepare the bills in prescribed format and work out the financial value. These will be entered in Measurement Book and signed by both the parties. Payment shall be made by BHEL after effecting the recoveries due from the contractor.
- 2.6.5** All recoveries due from the contractor for the month/period shall be effected in full from the corresponding running bills unless specific approval from the competent authorities is obtained to the contrary.
- 2.6.6** Measurement shall be restricted to that portion of work for which it is required to ascertain the financial liability of BHEL under this contract.
- 2.6.7** The measurement shall be taken jointly by persons duly authorized on the part of BHEL and by the Contractor.
- 2.6.8** The Contractor shall bear the expenditure involved if any, in making the measurements and testing of materials to be used/used in the work. The contractor shall, without extra charges, provide all the assistance with appliances and other things necessary for measurement.
- 2.6.9** If at any time due to any reason whatsoever, it becomes necessary to re-measure the work done in full or in part, the expenses towards such re measurements shall be borne by the contractor unless such re measurements are warranted solely for reasons not attributable to contractor.
- 2.6.10** Passing of bills covered by such measurements does not amount to acceptance of the completion of the work measured. Any left out work has to be completed, if pointed out at a later date by BHEL.
- 2.6.11** Final measurement bill shall be prepared in the final bill format prescribed for the purpose based on the certificate issued by BHEL Engineer that entire works as stipulated in tender specification has been completed in all respects to the entire satisfaction of BHEL. Contractor shall give unqualified "No Claim" Certificate. All the tools and tackles loaned to him should be returned in satisfactory condition to BHEL. The abstract of final quantities and financial values shall also be entered in the Measurement Books and signed by both parties to the contract. The Final Bill shall be prepared and paid within a reasonable time after completion of work.

**2.7 RIGHTS OF BHEL**

BHEL reserves the following rights in respect of this contract during the original

contract period or its extensions if any, as per the provisions of the contract, without entitling the contractor for any compensation.

- 2.7.1** To withdraw any portion of work and/or to restrict/alter quantum of work as indicated in the contract during the progress of work and get it done through other agencies to suit BHEL's commitment to its customer or in case BHEL decides to advance the date of completion due to other emergent reasons/ BHEL's obligation to its customer.

In case of inadequate manpower deployed by the contractor, BHEL reserves the right to deploy additional manpower through any other agency for expediting activities in the interest of the project. Supplied manpower shall be put on job by the contractor and payments and other statutory compliances related to manpower shall be the contractor's responsibility. In case of contractor's failure to fulfill his obligations in respect of such manpower, BHEL reserves the right to take necessary action as per contract conditions.

## **2.7.2 Breach of Contract, Remedies and Termination**

- 2.7.2.1** BHEL shall terminate the contract after due notice of a period of 14 days' in any of the following cases, which if not rectified/ improved within the time period mentioned in the notice, then, 'Breach of Contract' will be considered to have been established:

- i) Contractor's poor progress of the work vis-à-vis execution timeline as stipulated in the Contract, backlog attributable to contractor including unexecuted portion of work does not appear to be executable within balance available period considering its performance of execution.
- ii) Withdrawal from or abandonment of the work by contractor before completion of the work as per contract.
- iii) Non-completion of work by the Contractor within scheduled completion period as per Contract or as extended from time to time, for the reasons attributable to the contractor.
- iv) Repeated failure of contractor in deploying the required resources, to comply the statutory requirements etc. even after given by BHEL in writing.
- v) Strike or Lockout declared is not settled within a period of one month.
- vi) Termination of Contract on account of any other reason (s) attributable to Contractor.
- vii) Assignment, transfer, subletting of Contract without BHEL's written permission.
- viii) Non-compliance to any contractual condition or any other default attributable to Contractor.

### **LD against delay in executed work in case of Termination of Contract:**

LD against delay in executed work shall be calculated in line with LD clause no. 2.7.9 of GCC, for the delay attributable to contractor. For limiting the maximum value of LD, contract value shall be taken as Executed Value of work till termination of contract.

Method for calculation of "LD against delay in executed work in case of termination of contract" is given below.

- i). Let the time period from scheduled date of start of work till termination of contract excluding the period of Hold (if any) not attributable to contractor = T1

- ii). Let the value of executed work till the time of termination of contract = X
- iii). Let the Total Executable Value of work for which inputs/fronts were made available to contractor and were planned for execution till termination of contract = Y
- iv). Delay in executed work attributable to contractor i.e.  $T2 = [1 - (X/Y)] \times T1$
- v). LD shall be calculated in line with LD clause (clause 2.7.9) of the Contract for the delay attributable to contractor taking "X" as Contract Value and "T2" as period of delay attributable to contractor.

#### **2.7.2.2 Remedies in case of Breach of Contract is established**

In case 'Breach of Contract' is established, Security Deposit and Retention Amount shall be encashed/ forfeited. This is without prejudice to BHEL's right to levy of liquidated damages, debarment etc. which shall be applied as per the provisions of the contract. Sequence of recovery to be made in case of breach of contract is established, is as below:

- (a) In case the value of Security Deposit & Retention Amount, available for the Contract, is less than 10% of the Contract Value, the balance amount shall be recovered from dues available in the form of Bills payable to contractor against the same contract etc.
- (b) Demand notice for deposit of balance recovery amount shall be sent to contractor, if funds are insufficient to effect complete recovery against dues indicated in (a) above.
- (c) If contractor fails to deposit the balance amount to be recovered within the period as prescribed in demand notice, following action shall be taken for balance recovery:
  - i) Dues payable to contractor against other contracts in the same Region shall be considered for recovery.
  - ii) If recovery cannot be made out of dues payable to the contractor as above, balance amount to be recovered, shall be informed to other Regions/Units for making recovery from the Unpaid Bills/Running Bills/SD/BGs/Final Bills of contractor.
  - iii) In-case recoveries are not possible with any of the above available options, Legal action shall be initiated for recovery against contractor.

#### **Note:**

- 1) In addition to above, levy of liquidated damages, debarment, termination, short-closure etc. shall be applied as per provisions of the contract.
- 2) If tendering is done for the balance work, the defaulted contractor shall not be eligible for either executing the balance work or to participate in the tender(s) for executing the balance work. Defaulted Contractor will include:
  - (a) In case defaulted contractor is The Sole Proprietorship Firm, any Sole Proprietorship Firm owned by same Sole Proprietor.
  - (b) In case defaulted contractor is The Partnership Firm, any firm comprising of same

partners/ some of the same partners (but not including any new partner); or sole proprietorship firm owned by any partner(s) as a sole proprietor.

- 2.7.3** In case Contractor fails to deploy the resources as per requirement informed by BHEL in writing to expedite the work, BHEL can deploy own/hired/otherwise arranged resources and recover the expenses incurred from the dues payable to contractor. Recoveries shall be actual expenses incurred plus 5% overheads or as defined in TCC.
- 2.7.4** To terminate the contract or to restrict the quantum of work and pay for the portion of work executed in case BHEL's contract with their customer are terminated for any reason, as per mutual agreement.
- 2.7.5** To effect recovery from any amounts due to the contractor under this or any other contract or in any other form, the moneys BHEL is statutorily forced to pay to anybody, due to contractor's failure to fulfill any of his obligations in the following manner:
- a) Recovery will include overhead of 5% for repeat instances of similar default;
  - b) With interest as mentioned elsewhere in the GCC for the amount for which recovery is not possible through the unpaid RA Bill available with BHEL.
- 2.7.6** While every endeavor will be made by BHEL to this end, they (BHEL) cannot guarantee uninterrupted work due to conditions beyond their control. The Contractor will not be normally entitled for any compensation/extra payment on this account unless otherwise specified elsewhere in the contract.
- 2.7.7** BHEL may permit or direct contractor to demobilize and remobilize at a future date as intimated by BHEL in case of following situations for reasons other than Force majeure conditions and not attributable to contractor:
- i) suspension of work(s) at a Project either by BHEL or Customer,  
or
  - ii) where work comes to a complete halt or reaches a stage wherein worthwhile works cannot be executed and there is no possibility of commencement of work for a period of not less than three months period as intimated, then BHEL reserves the right to terminate the contract and effect remedies under Clause 2.7.2.2. In case of any conflict, BHEL decision in this regard shall be final and binding on the contractor.
- 2.7.8** In the unforeseen event of inordinate delay in receipt of materials, drawings, fronts etc. due to which inordinate discontinuity of work is anticipated, BHEL on its own or contractor's request at its discretion may consider to short close the contract in any of the following cases:
- a) The balance works (including but not limited to Trial Operation, PG Test etc.) are minor vis a vis the scope of work envisaged as per the contract.

- b) There has been no significant work in past 6 months OR no significant work is expected in next 6 months (example in Hydro projects or in projects where work has stopped due to reasons beyond the control of BHEL).
- c) The balance works cannot be done within a reasonable period of time as they are dependent on unit shut down or on other facilities of customer or any other such reasons not attributable to the contractor.

At the point of requesting for short closure, contractor shall establish that he has completed all works possible of completion and he is not able to proceed with the balance works due to constraints beyond his control. In such a case, the estimated value of the unexecuted portion of work (or estimated value of services to be provided for carrying out milestone/stage payments like Trial Operation/PG Test etc.) as decided by BHEL, shall however be reduced from the final contract value.

Note: The Contractor shall not be eligible for any compensation on account of Quantity Variation arising out of short-closure of contract as per clause no. 2.7.8 (b) above.

#### **2.7.9 LIQUIDATED DAMAGES/PENALTY**

Liquidated Damages, wherever referred under this Tender/Agreement, shall mean and refer to the damages, not in the nature of penalty, which the contractor agrees to pay in the event of delay in delivery of stores, installation, commissioning, breach of contract etc. as the case may be.

Liquidated Damages leviable upon the contractor is a sum which is agreed by the parties as a reasonable and genuine pre-estimate of damages which will be suffered by BHEL on account of delay/breach on the part of the contractor.

Liquidated Damages shall be calculated in the manner stipulated hereinafter:

In case the work is not completed within the stipulated time period, BHEL at its discretion may grant provisional time extension to contractor for the sole purpose of completion of balance works keeping its right reserved under the contract and law. Grant of any provisional time extension shall by no means be considered as waiver of BHEL rights under the contract or law.

After the completion of work, duly certified by Engineer Incharge, a comprehensive delay analysis shall be carried out to ascertain the attribution of delays in the provisional time extensions granted to contractor. The delay analysis shall record:

- a) Delays solely attributable to contractor
- b) Delays attributable to BHEL
- c) Delays on account of Force Majeure (as specified elsewhere in the contract)

The total period under the final time extension shall be equal to the period between the scheduled date of completion and the actual date of completion of contract. LD shall be imposed/ levied for the portion of time extensions solely attributable to contractor and recoverable from the dues payable to the contractor.

For the periods, wherein the delay as per the comprehensive delay analysis carried out is solely attributable to contractor, BHEL shall have the right to impose Liquidated Damage at the rate of

0.5% of the contract value, per week of delay or part thereof subject to a maximum of 10% of the contract value.

Contract Value for this purpose, shall be the final executed value exclusive of ORC, Extra Works executed on Man-day rate basis, Supplementary/ Additional Items and PVC. Before levying LD, the contractor shall be duly intimated the amount and reasons thereof for imposition of LD.

## **2.8 RESPONSIBILITIES OF THE CONTRACTOR IN RESPECT OF LOCAL LAWS, EMPLOYMENT OF WORKERS ETC.**

The following are the responsibilities of the contractor in respect of observance of local laws, employment of personnel, payment of taxes etc. The subcontractor shall fully indemnify BHEL against any claims of whatsoever nature arising due to the failure of the contractor in discharging any of his responsibilities hereunder:

- 2.8.1** As far as possible, Unskilled Workers shall be engaged from the local areas in which the work is being executed.
- 2.8.2** The contractor at all times during the continuance of this contract shall, in all his dealings with local labour for the time being employed on or in connection with the work, have due regard to all local festivals and religious and other customs.
- 2.8.3** The contractor shall comply with all applicable State and Central Laws, Statutory Rules, Regulations, Notifications, etc. such as Payment of Wages Act, Minimum Wages Act, Workmen Compensation Act, Employer's Liability Act, Industrial Disputes Act, Employers Provident Act, Employees State Insurance Scheme, Contract Labour (Regulation and Abolition) Act, 1970, Payment of Bonus & Gratuity Act, Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, The Building and Other Construction Workers' Welfare Cess Act, 1996 and other Acts, Rules, and Regulations for labour/workers as applicable and as may be enacted by the State Government and Central Govt. during the tenure of the Contract and having force or jurisdiction at Site. The Contractor shall also comply with provisions of and give all such notices to the local Governing Body, Police and other relevant Authorities as may be required by the Law.
- 2.8.4** The Contractor shall obtain independent License under the Contract Labour (Regulations and Abolition) Act, 1970 for engaging contract labour as required from the concerned Authorities based on the certificate (Form- V) issued by the Principal Employer/Customer.
- 2.8.5** The contractor shall pay and bear all taxes, fees, license charges, Cess, duties, deposits, tolls, royalties, commission or other charges which may be leviable on account of his operations in executing the contract.
- 2.8.6** While BHEL would pay the inspection fees and Registration fees of Boiler/Electrical Inspectorate, all other arrangements for site visits periodically by the Inspectorate to site, Inspection certificate etc. will have to be made by contractor. However, BHEL will not make any payment to the Inspectorate in connection with contractor's



Welders/Electricians qualification tests etc.

- 2.8.7** Contractor shall be responsible for provision of Health and Sanitary arrangements (more particularly described in Contract Labour Regulation & Abolition Act), Safety precautions etc. as may be required for safe and satisfactory execution of contract.
- 2.8.8** The contractor shall be responsible for proper accommodation including adequate medical facilities for personnel employed by him.
- 2.8.9** The contractor shall be responsible for the proper behavior and observance of all regulations by the staff employed by him.
- 2.8.10** The contractor shall ensure that no damage is caused to any person/property of other parties working at site. If any such damage is caused, it is responsibility of the contractor to make good the losses or compensate for the same.
- 2.8.11** All the properties/equipments/components of BHEL/their Client loaned with or without deposit to the contractor in connection with the contract shall remain properties of BHEL/their Client.
- 2.8.12** The contractor shall use such properties for the purpose of execution of this contract. All such properties/equipments/components shall be deemed to be in good condition when received by the contractor unless he notifies within 48 hours to the contrary. The contractor shall return them in good condition as and when required by BHEL/their Client. In case of non-return, loss, damage, repairs etc, the cost thereof as may be fixed by BHEL Engineer will be recovered from the contractor
- 2.8.13** In case the contractor is required to undertake any work outside the scope of this contract, the rates payable shall be those mutually agreed upon if the item rates are not mentioned in existing contract
- 2.8.14** Any delay in completion of works/or non achievement of periodical targets due to the reasons attributable to the contractor, the same may have to be compensated by the contractor either by increasing manpower and resources or by working extra hours and/or by working more than one shift. All these are to be carried out by the contractor at no extra cost.
- 2.8.15** The contractor shall arrange, coordinate his work in such a manner as to cause no hindrance to other agencies working in the same premises.
- 2.8.16** All safety rules and codes applied by the Client/BHEL at site shall be observed by the contractor without exception. The contractor shall be responsible for the safety of the equipment/material and works to be performed by him and shall maintain all light, fencing guards, slings etc. or other protection necessary for the purpose. Contractor shall also take such additional precautions as may be indicated from time to time by the Engineer with a view to prevent pilferage, accidents, fire hazards. Due precautions shall be taken against fire hazards and atmospheric conditions. Suitable number of Clerical staff, watch and ward, store keepers to take care of equipment/materials and construction tools and tackles shall be posted at site by the contractor till the



completion of work under this contract.

The contractor shall arrange for such safety devices as are necessary for such type of work and carry out the requisite site tests of handling equipment, lifting tools, tackles etc. as per prescribed standards and practices.

Contractor has to ensure the implementation of Health, Safety and Environment (HSE) requirements as per directions given by BHEL/Customer. The contractor has to assist in HSE audit by BHEL/Customer and submit compliance Report. The contractor has to generate and submit record/reports as per HSE plan/activities as per instruction of BHEL/Customer

- 2.8.17** The contractor will be directly responsible for payment of wages to his workmen. A pay roll sheet giving all the payments given to the workers and duly signed by the contractor's representative should be furnished to BHEL site for record purpose, if so called for.
- 2.8.18** In case of any class of work for which there is no such specification as laid down in the contract, such work shall be carried out in accordance with the instructions and requirements of the Engineer. Also, no idle charges will be admissible in the event of any stoppage caused in the work resulting in contractor's labour and Tools & Plants being rendered idle due to any reason at any time.
- 2.8.19** The contractor shall take all reasonable care to protect the materials and work till such time the plant/equipment has been taken over by BHEL or their Client whichever is earlier.
- 2.8.20** The contractor shall not stop the work or abandon the site for whatsoever reason of dispute, excepting force majeure conditions. All such problems/disputes shall be separately discussed and settled without affecting the progress of work. Such stoppage or abandonment shall be treated as breach of contract and dealt with accordingly
- 2.8.21** The contractor shall keep the area of work clean and shall remove the debris etc. while executing day-to-day work. Upon completion of work, the contractor shall remove from the vicinity of work, all scrap, packing materials, rubbish, unused and other materials and deposit them in places specified by the Engineer. The contractor will also demolish all the hutments, sheds, offices, etc. constructed and used by him and shall clean the debris. In the event of his failure to do so, the same will be arranged to be done by the Engineer and the expenses recovered from the contractor.
- 2.8.23** The contractor shall execute the work in the most substantial and workman like manner in the stipulated time. Accuracy of work and timely execution shall be the essence of this contract. The contractor shall be responsible to ensure that the quality, assembly and workmanship conform to the dimensions and clearance given in the drawings and/or as per the instructions of the Engineer.
- 2.8.24** The Contractor to note that some of BHEL's T&Ps/MMDs may not be insured. The Contractor will take necessary precautions and due care to protect the same while in his custody from any damage/ loss till the same is handed over back to BHEL. In case

the damage / loss is due to carelessness/ negligence on the part of the contractor, the Contractor is liable to get them repair/ replaced immediately and in case of his failure to do so within a reasonable time, BHEL will reserve the right to recover the loss from the contractor.

**2.8.25** For all works having contract value of Rs. 5,00,000/- or above, BHEL shall recover the amount of compensation paid to victim(s) by BHEL towards loss of life/ permanent disability due to an accident which is attributable to the negligence of contractor, agency or firm or any of its employees as detailed below.

- a) Victim: Any person who suffers permanent disablement or dies in an accident as defined below.
- b) Accident: Any death or permanent disability resulting solely and directly from any unintended and unforeseen injurious occurrence caused during the manufacturing/ operation and works incidental thereto at BHEL factories/ offices and precincts thereof, project execution, erection and commissioning, services, repairs and maintenance, trouble shooting, serving, overhaul, renovation and retrofitting, trial operation, performance guarantee testing undertaken by the company or during any works/ during working at BHEL Units/ Offices/ townships and premises/ Project Sites.
- c) Compensation in respect of each of the victims:
  - i) In the event of death or **permanent disability** resulting from Loss of both limbs: Rs. 10,00,000/- (Rs. Ten Lakh).
  - ii) In the event of **other permanent disability**: Rs.7,00,000/- (Rs. Seven Lakh)
- d) Permanent Disablement: A disablement that is classified as a permanent total disablement under the proviso to section 2 (I) of the Employee's Compensation Act, 1923

**2.8.26** Contractor shall be fully responsible for their T&Ps and other material mobilized at site. In any case, BHEL shall not be liable for any damage/loss/misuse of any item(s) belong to the contractor.

## **2.9 PROGRESS MONITORING, MONTHLY REVIEW AND PERFORMANCE EVALUATION**

**2.9.1** A tentative plan/ programme for completion of the contractual scope of work as per the time schedule given in the contract shall be made jointly by BHEL and Contractor, before commencement of work. The above programme shall be supported by month wise deployment of resources viz Manpower, T&P, Consumables, etc. Progress will be reviewed periodically (Daily/Weekly/Monthly) vis-à-vis this jointly agreed programme.

Subsequently, every month, quarterly rolling plan will be made by BHEL based on budgeted targets.

Monthly plan in F-14 format shall be drawn from this Quarterly plan. Monthly plan shall necessarily include activities required for achieving targets/ milestones unless inputs/

fronts are not available. While planning and arriving on asking rate all available inputs shall be taken into consideration.

Vendor will be required to execute the monthly plan in that month in addition to make full efforts to minimize the cumulative shortfall attributable to him up to the month.

BHEL may require monthly work plan up to one and half times of average monthly value and demand matching manpower.

Where, Average Monthly Value = Total Contract Value (as per latest revision) / Period of Contract (in months) Provided, this requirement is reflected in the rolling quarterly plan two months in advance.

If the Contractor refuses to sign the F-14 format, those F-14 formats requiring Contractor's signature shall be deemed to have been signed and accepted by the Contractor, if communicated to the Contractor through email or any other mode as stated in clause 2.3.1.

The Contractor shall submit periodical progress reports (Daily/Weekly/Monthly) and other reports/information including manpower, consumables, T&P mobilization etc. as desired by BHEL.

**2.9.2** Monthly progress review between BHEL and Contractor shall be based on the agreed programme as above, availability of inputs/fronts etc., and constraints if any, as per prescribed formats (i.e. Form F-14). Manpower, T&P and consumable reports as per prescribed formats shall be submitted by contractor every month. Release of RA Bills shall be contingent upon certification by BHEL Site Engineer of the availability of the above prescribed formats duly filled in and signed.

**2.9.3** The burden of proof that the causes leading to any shortfall is not due to any reasons attributable to the contractor is on the contractor himself. The monthly progress review shall record shortfalls attributable to (i) Contractor, (ii) Force Majeure Conditions, and (iii) BHEL

**2.9.4** Performance of the Contractor shall be assessed as per prescribed formats and shall form the basis for 'Annual/Overall Performance Evaluation' of the Contractor and also for 'Assessment of Capacity of Bidder' for Tenders where the Contractor is a bidder. BHEL reserves the right to revise the evaluation formats during the course of execution of the works

## **2.10 TIME OF COMPLETION**

**2.10.1** The time schedule shall be as prescribed in the Contract. The time for completion shall be reckoned from the date of commencement of work at Site as certified by BHEL Engineers

**2.10.2** The entire work shall be completed by the contractor within the time schedule or within such extended periods of time as may be allowed by BHEL under clause 2.11

## **2.11 EXTENSION OF TIME FOR COMPLETION**

**2.11.1** If the completion of work as detailed in the scope of work gets delayed beyond the contract period, the contractor shall request for an extension of the contract and BHEL at its discretion may extend the Contract.

**2.11.2** Based on the F-14 formats, the works balance at the end of original contract period less the backlog attributable to the contractor shall be quantified, and the number of months of 'Time extension' required for completion of the same shall be jointly worked out. Within this period of 'Time extension', the contractor is bound to complete the portion of backlog attributable to the contractor. Any further 'Time extension' or 'Time extensions' at the end of the previous extension shall be worked out similarly.

**2.11.3** However, if any 'Time extension' is granted to the contractor to facilitate continuation of work and completion of contract, due to backlog attributable to the contractor alone, then it shall be without prejudice to the rights of BHEL to impose penalty/LD for the delays attributable to the contractor, in addition to any other actions BHEL may wish to take under Clause 2.7.2 of GCC i.e. Breach of Contract, Remedies and Termination.

**2.11.4** Planning, progress monitoring, monthly review and performance monitoring shall be carried out as per clause 2.9 of GCC.

**2.11.5** At the end of total work completion as certified by BHEL Engineer, and upon analysis of the total delay, the portion of time extensions attributable to (i) Contractor alone, (ii) Force majeure conditions, and (iii) BHEL, shall be worked out. The total period of time extensions shall be the sum of (i), (ii) and (iii) above and shall be equal to period between the scheduled date of completion and the actual date of completion of contract. LD shall be imposed/levied for the portion of time extensions solely attributable to contractor and recoverable from the dues payable to the contractor.

## **2.12 OVERRUN COMPENSATION ( NOT APPLICABLE for this tender, clause 2.12.1 to 2.12.5 shall not be operated)**

**2.12.1 ORC during original contract period:** No ORC shall be applicable during the original contract period.

**2.12.2 ORC during extended period for the reasons solely attributable to contractor:** No ORC shall be applicable during the extended period granted for the reasons solely attributable to contractor and work executed during this period shall be paid as per original contract rates.

**2.12.3 ORC during extended period for the reasons not attributable to contractor:** ORC shall be payable as per following procedure:

**2.12.3.1** For initial period of twelve months of extended period, ORC rate applicable over executed value shall be 5%. For every subsequent period of twelve months, ORC rate shall be further increased by 5% over the previous rate. For example, ORC rates applicable for initial period of 12 months and subsequent period of 12 months are given below.

Sl. No.	Extended Period for the reasons attributable to BHEL	ORC rate applicable over executed value
1	First 12 months	5%
2	13 <sup>th</sup> -24 <sup>th</sup> month and so on	10.25% $\{[(1.05 \times 1.05) - 1] \times 100\}$

This process of increasing ORC rate for each subsequent period of 12 months shall continue till applicability of ORC.

**2.12.3.2** On completion of original contract period as well as on completion of each subsequent period of twelve months i.e. at the time of change in applicable ORC rate, Delay Analysis shall be carried out and percentage shortfall attributable to both BHEL & Contractor shall be calculated.

**2.12.3.3** For the purpose of calculation of ORC, executed value of work in the month shall be divided in Part-1 and Part-2 in proportion of percentage shortfall attributable to BHEL and contractor respectively, based on the last delay analysis as worked out in 2.12.3.2.

ORC shall be payable only on Part-1 and no ORC shall be payable on Part-2.

Value of Part-1 shall be further limited to the value of actual inputs provided by BHEL i.e. "Plan - Shortfall attributable to BHEL" for the month, as per Form-14 for calculation of ORC.

**2.12.3.4** Payment of ORC amount shall be further regulated as follows:

- (i) 50% of the ORC is allocated for deployment of matching resources (with weightages) agreed as per the joint programme drawn vide 2.11.4. ORC Payment against resources shall be calculated in proportion to percentage of resources actually deployed w.r.t. planned resources, as per Form-14.
- (ii) 50% of ORC is allocated for achieving of planned progress agreed as per the joint programme drawn vide 2.11.4. ORC Payment shall be reduced in proportion to percentage shortfall attributable to contractor w.r.t. "Plan - Shortfall attributable to BHEL" for the month, as per Form-14.

**2.12.3.5** The maximum amount of ORC payable for the month shall be limited to Rs. 5,00,000/-.

**2.12.3.6** In case, there is no shortfall attributable to contractor for the month and also contractor has deployed the resources as agreed in Form-14 but ORC amount payable for the month worked out as per procedure mentioned in clause 2.12.3.3, 2.12.3.4 and 2.12.3.5, is less than Rs.1,00,000/-, then ORC amount payable for the month shall be Rs.1,00,000/- otherwise ORC amount payable for the month shall remain same.

**2.12.3.7** In case execution is on **HOLD** (Other than Force Majeure), ORC shall be payable as per following:

- i. Contractor has not been permitted by BHEL to de-mobilize
  - a) ORC amount of Rs. 1,00,000/- per month shall be applicable during the period of HOLD provided resources as planned are deployed (not demobilised) during the period of hold.
  - b) Subsequent to lifting of HOLD, Period of HOLD shall not be excluded in calculation of period for deciding applicable ORC rate as per clause 2.12.3.1.
- ii. Contractor has been permitted to demobilize and to remobilize after lifting of HOLD.
  - a) No ORC shall be payable to contractor for the period of HOLD.
  - b) Subsequent to lifting of HOLD, Period of HOLD shall not be excluded in calculation of period for deciding applicable ORC rate as per clause 2.12.3.1.

**2.12.3.8** In case **Force Majeure** is invoked:

- (i) No ORC shall be applicable during the period of Force Majeure.
- (ii) Subsequent to revocation of Force Majeure, period of Force Majeure shall be excluded in calculation of period for deciding applicable ORC rate as per clause 2.12.3.1.

**2.12.4** Applicability of ORC: ORC shall not be applicable for following activities.

- (i) Area cleaning, removal of temporary structures and return of scrap.
- (ii) Punch list points / pending points liquidation pending due to reasons attributable to contractor
- (iii) Submission of "As built Drawing"
- (iv) Material Reconciliation
- (v) Completion of Contract Closure formalities like HR Clearance/ No dues from various dept./ Statutory Authorities etc.

**2.12.5** Total Over Run Compensation shall be limited to 10% of the cumulatively executed contract value till the month (excluding Taxes and Duties if payable extra). For this purpose, executed contract value excludes PVC, ORC and Extra/Supplementary Works.

**2.13 SECURED RECOVERABLE ADVANCES:**

**2.13.1 INTEREST FREE MOBILIZATION ADVANCE:** Competent Authority of BHEL may approve proposals for payment of Interest Free Secured Mobilization Advance (limited to a maximum of 5% of the Contract Value) only in Installation Works under exceptional circumstances.

Interest Free Mobilization Advance shall be disbursed in specifically mentioned stages of major resource mobilization in the beginning of the contract, as specified in the TCC, in three or more instalments with the value of any instalment not more than 2.5% of the Contract Value. The next instalment will be due only on completion of the activities linked to the previous instalment.

Each such instalment is to be secured through BG of 100% of the instalment amount.

Recovery of Interest Free Secured Advance shall be made @ 10% of Running Bill Amount. As and when the total recovered amount exceeds any of the BG value submitted against the advance, that BG shall be returned.

In any case, Interest Free Advance shall be fully recovered by the time the contract reaches 50% of the original contract period either from Running Bills or by the Contractor directly depositing the amount. If the Contractor fails to deposit the total amount by the stipulated date, the recovery shall be made by encashing BGs/ Securities available with BHEL for the balance amount

**2.13.2 INTEREST BEARING ADVANCE:**

**2.13.2.1 INTEREST BEARING MOBILIZATION ADVANCE:** Competent authority may also approve need-based Interest Bearing Mobilization advance after a certification from the Contractor for having achieved a financial progress of 10% of the original contract price. However, the total mobilization advance (including Interest Free Mobilization Advance) shall not exceed 10% of the Contract Value. Bank Guarantee towards 'Interest Bearing Recoverable Advance' shall be 110% of the advance so as to enable recovery of not only principle amount but also the interest portion, if so required.

**2.13.2.2 INTEREST BEARING SECURED ADDITIONAL INTERIM ADVANCE:** In exceptional circumstances, with due justification, Competent Authority of BHEL may approve proposals for payment of additional interim interest bearing advance against Bank Guarantee, for resource augmentation towards expediting work for project implementation. Contractor shall establish the utilization of advance drawn in the form of Utilization Certificate before the release of next instalment.

Bank Guarantee shall be 110% of the advance so as to enable recovery of not only principle amount but also the interest portion, if so required. Unadjusted amount of advances (including Interest Free Mobilization Advance) paid shall not exceed 10% of the total contract value at any point of time.



**NOTES for INTEREST BEARING ADVANCE:**

- (a) Recovery of Interest-Bearing Advances shall be made from the Running Bills progressively. Recovery rate per month for Interest Bearing Advances shall be the sum of:
  - i) Not less than 10% of Running Bill amount
  - ii) Simple interest up to the date of RA Bill on the outstanding Principle amount/amounts
- (b) In any case, Interest Bearing Advance shall be fully recovered by the time the contractor's billing reaches 90% of contract value either from Running Bills or by the Contractor directly depositing the amount. If the Contractor fails to deposit the total amount by the stipulated date, the recovery shall be made by encashing BGs/ Securities available with BHEL for the balance amount along with interest.
- (c) Payment and recovery of any of the above advance(s) shall be at the sole discretion of BHEL and shall not be a subject matter of arbitration.
- (d) The rate of interest applicable for the above advances shall be the repo rate prevailing on the date of release of advance plus 4%, and such rate will remain fixed till the total advance amount is recovered.
- (e) Contractor to submit Bank Guarantee as per prescribed formats for each of the advance and shall be valid for at least one year or the recovery duration whichever is earlier. In case the recovery of dues does not get completed within the aforesaid BG period, the contractor shall renew the BG or submit fresh BG for the outstanding amount, valid for at least one year or the remaining recovery duration whichever is earlier. For each advance, the Contractor will be allowed to submit more than one BG so that the BGs can be returned progressively based on recovered amount. In case, the Contractor prefers to submit single BG against an advance, the amount of BG may be progressively reduced by the amount repaid by the Contractor.
- (f) BHEL is entitled to make recovery of the entire outstanding amount in case the contractor fails to comply with the BG requirement.

**2.13.3 SECURED ADVANCE AGAINST MATERIAL BROUGHT TO SITE:**

Secured advance on the security of materials (which are not combustible, fragile or perishable in nature) brought to the site but not yet incorporated in the works will be made up to 75% of Invoice value, or the 75% of the corresponding value of the materials determined on the basis of BOQ rates, whichever is less, subject to the condition that their quantities are not excessive and shall be used within a period of 90 days and subject to the stipulations, as mentioned below:

- (i) Contractor shall obtain prior permission of Engineer-in-charge before procurement of materials against which advance is being sought. Engineer-in-charge shall ensure formal approval of Construction Manager before communicating the permission to Contractor.



- (ii) Secured advance shall not be allowed/ payable for materials procured by Contractor before the date of such permission.
- (iii) Secured Advance shall be allowed only once against a single invoice. Multiple Secured Advance against single invoice is not allowed.
- (iv) Secured advance against materials shall be paid only against non-perishable items. Engineer-in-charge to ensure that such items are adequately covered under insurance cover (to be taken by the Contractor if not covered under BHEL Insurance Policy).
- (v) At any point of time, the unadjusted secured payments against material brought to site shall not be more than 5% of the Contract Value.
- (vi) The advance will be repaid from each succeeding Running bill(s) to the extent materials for which advance has been previously paid have been incorporated into the works. In any case, such advance payment shall be fully recovered maximum from 3-4 subsequent RA bills whether the material is consumed in the work or not. In absence of sufficient value of RA bills for making the required recovery, the Contractor shall deposit the balance amount. If the Contractor fails to deposit the total amount by the stipulated date, the recovery shall be made by encashing the Securities available with BHEL for the balance amount.
- (vii) Contractor has to give a formal deed of hypothecation, drawn up on non-judicial stamp paper under which the BHEL secures a lien on the materials and is safeguarded against losses, due to the contractor postponing the execution of the work or due to the shortage or misuse of materials and against the expenses incurred on their watch and safe custody

## **2.14 QUANTITY VARIATION**

### **2.14.1 Variation in Final Executed Contract Value:**

The quantities given in the contract are tentative and may change to any extent (both in plus side and minus side). No compensation becomes payable in case the variation of the final executed contract value is within the limits of Minus (-) 15% of awarded contract value. Also, no compensation becomes payable in case the contract gets partially executed/ short closed/ terminated/ work withdrawn under Rights of BHEL mentioned in Clause 2.7 of GCC. In case of work terminated/ short closed under clause 2.7.4 of GCC, compensation may be considered only if BHEL receives compensation from customer.

Compensation due to variation of final executed contract value in excess of the limits defined in clause above, shall be as follows:

- i) In case the finally executed contract value reduces below the lower limit of awarded Contract Value due to quantity variation specified above, the Contractor will be eligible for compensation @ 15% of the difference between the lower limit of the awarded contract value and the actual executed contract value.

- ii) In case the finally executed contract value increases above the awarded Contract Value due to quantity variation, the Contractor is not eligible for any compensation.

#### **2.14.2 Variation in Individual Quantities of BOQ Item(s)**

The quantities given in the contract are tentative and may change to any extent (both in plus side and minus side). No compensation becomes payable in case the variation of the quantity of individual BOQ item(s) is within the limits of Plus (+) 100% of the quantity in the original price schedule.

In case executed quantity for a particular BOQ item(s) exceeds two times the quantity in the original price schedule (100% increase), then the revision in rates for such BOQ item(s) for the quantity in excess of two times the quantity in the original price schedule including any subsequent increase in quantity, may be considered based on request from the Contractor, however, BHEL decision in this regard shall be final. Revised rates for subject BOQ item(s) shall be worked out on the basis of prevailing market rates mutually agreed between BHEL and Contractor. PVC/ ORC will not be applicable for these revised rates.

BHEL, however, retains the right to arrange the excess quantity through any other source for expediting activities in the interest of the Project.

Note: (a) Revision in rates under clause 2.14.2 will remain admissible in those cases also, where, the Contractor is eligible for compensation under clause 2.14.1 (i).

(b) The value of work executed at revised rates due to variation in Individual Quantities of BOQ Item(s) shall be included while calculating the finally executed contract value in clause no. 2.14.1 above.

#### **2.15 EXTRA WORKS**

**2.15.1** All rectifications/modifications, revamping, and reworks required for any reasons not due to the fault of the contractor, or needed due to any change in deviation from drawings and design of equipments, operation/maintenance requirements, mismatching, or due to damages in transit, storage and erection/commissioning, and other allied works which are not very specifically indicated in the drawings, but are found essential for satisfactory completion of the work, will be considered as extra works.

**2.15.2** Extra works arising on account of the contractor's fault, irrespective of time consumed in rectification of the damage/loss, will have to be carried out by the contractor free of cost. Under such circumstances, any material and consumable required for this purpose will also have to be arranged by the contractor at his cost.

**2.15.3** All the extra work should be carried out by a separately identifiable gang, without affecting routine activities. Daily log sheets in the pro-forma prescribed by BHEL should be maintained and shall be signed by the contractor's representative and BHEL engineer. No claim for extra work will be considered/entertained in the absence of the said supporting documents i.e. daily log sheets. Signing of log sheets by BHEL engineer does not necessarily mean the acceptance of such works as extra works.

**2.15.4** BHEL retains the right to award or not to award any of the major repair/ rework/modification/rectification/fabrication works to the contractor, at their discretion without assigning any reason for the same

**2.15.5** After eligibility of extra works is established and finally accepted by BHEL engineer/designer, payment will be released on competent authority's approval at the following rate.

**MAN-HOUR RATE FOR ELIGIBLE EXTRA WORKS:** Single composite average labour man-hour rate, including overtime if any, supervision, use of tools and tackles and other site expenses and incidentals, consumables for carrying out any major rework/ repairs/ rectification/ modification/ fabrication as certified by site as may arise during the course of erection, testing, commissioning or extra works arising out of transit, storage and erection damages, payment, if found due will be at Rs 139/- per man hour.

**2.15.6** The above composite labour man hour rate towards extra works shall remain firm and not subject to any variation during execution of the work. PVC will not be applicable for extra works. Rate revision, Over Run Charges/compensation etc will not be applicable due to extra works.

**2.15.7 Extra Works for Civil Packages** shall be regulated as follows

- i) Rates for Extra Works arising due to (1) non-availability of BOQ (Rate Schedule), OR (2) change in Specifications of materials/works (3) rectification/modification/dismantling & re-erecting etc due to no fault of Contractor, shall be in the order of the following:
  - a) Item rates are to be derived from similar nature of items in the BOQ (Rate Schedule) with applicable escalation derived from All India Consumer Price Index for Whole Sale Commodities.
  - b) As per latest edition of CPWD-DSR with applicable escalation derived from All India Consumer price Index for Whole Sale Commodities, OR, Notification issued by the office of CPWD for 'Cost Index' in that Region where the project is being executed, whichever is less
  - c) Item rates are to be worked out on the basis of prevailing market rates mutually agreed between BHEL and Contractor, plus 15% towards Contractor's overheads and profit.
- ii) PVC and ORC will not applicable be for (i) above.

## **2.16 SUPPLEMENTARY ITEMS**

### **2.16.1 For NON Civil Works**

Supplementary items are items/works required for completion of entire work but not specified in the scope of work. Subject to certification of such items/works as supplementary items by BHEL Engineer, rates shall be derived on the basis of any one of the following on mutual agreement:

- i) Based on percentage breakup/rates indicated for similar/nearby items
- ii) In case (i) above does not exist, then BHEL/site may derive the percentage breakup/rates to suit the type of work.

### **2.16.2 For Civil Works:**

- i) Rates for Supplementary Works/Additional Works arising out due to additions/alterations in the original scope of works as per contract subject to certification of BHEL Engineer shall be worked out as under:
- Item rates which are available in existing BOQ (Rate Schedule) shall be operated with applicable escalation derived from All India Consumer Price Index for Whole Sale Commodities
  - Items of works which are not available in existing BOQ shall be operated as an 'Extra Works' and rate shall be derived as per clause no 2.15.7
- ii) Execution of Supplementary Works/Additional Works through the Contractor shall be at the sole discretion of BHEL, and shall be considered as part of executed contract value for the purpose of Quantity Variation as per clause 2.14
- iii) BHEL Engineer's decision regarding fixing the rate as above is final and binding on the contractor.
- iv) PVC and ORC will not be applicable for (i) above.

## **2.17 PRICE VARIATION COMPENSATION (This clause is not applicable from 2.17.1 to 2.17.9)**

2.17.1 In order to take care of variation in cost of execution of work on either side, due to variation in the index of LABOUR, HIGH SPEED DIESEL OIL, WELDING ROD, CEMENT, STEEL, MATERIALS, Price Variation Formula as described herein shall be applicable (only for works executed during extended period, if any, subject to other conditions as described in this section).

2.17.2 85% component of Contract Value shall be considered for PVC calculations and remaining 15% shall be treated as fixed component. The basis for calculation of price variation in each category, their component, Base Index shall be as under:

SL. NO.	CATEGORY	BASE INDEX	PERCENTAGE COMPONENT ('K')				
			CIVIL PACKAGES (See Note A/B/C)			MECHANICAL PACKAGES	Electrical, C&I, Material Management/ Handling and other labour oriented packages (Applicable for this tender)
			A	B	C		

i)	LABOUR (ALL CATEGORIES)	'MONTHLY ALL-INDIA AVERAGE CONSUMER PRICE INDEX NUMBERS FOR INDUSTRIAL WORKERS' published by Labour Bureau, Ministry of Labour and Employment, Government of India. (Website: labourbureau.nic.in)	40	25	30	65	80
ii)	HIGH SPEED DIESEL OIL	Name of Commodity: HSD  Commodity Code: 1202000005 (See Note E)	5	3	5	5	5
iii)	WELDING ROD	Name of Commodity : MANUFACTURE OF BASIC METALS  Commodity Code: 1314000000 (See Note E)				15	
iv)	CEMENT	Name of Commodity: ORDINARY PORTLAND CEMENT  Commodity Code: 1313050003 (See Note E)		20	30		
v)	STEEL (Structural and Reinforcement Steel)	Name of Commodity: MILD STEEL: LONG PRODUCTS  Commodity Code: 1314040000 (See Note E)		25			
vi)	All OTHER MATERIALS (OTHER THAN CEMENT & STEEL	Name of Commodity: ALL COMMODITIES Commodity Code:1000000000 (See note E)	40	12	20		

**Note:**

- A. Cement & Steel : Free Issue (BHEL Scope)
- B. Cement & Steel : In Contractor Scope
- C. Cement in Contractor Scope, and Steel is Free Issue (BHEL Scope)
- D. For Composite packages (i.e. Civil+Mechanical+Electrical and/or CI or Civil+Mechanical or Mechanical+Electrical and/or CI), the COMPONENT ('K') for various categories shall be as per respective packages as above.

- E. As per the 'MONTHLY WHOLE SALE PRICE INDEX' for the respective Commodity and Type, published by Office of Economic Adviser, Ministry of Commerce and Industry, Government of India. (Website: <http://eaindustry.nic.in>). Revisions in the index or commodity will be re adjusted accordingly.**

2.17.3 #

2.17.4 Payment/recovery due to variation in index shall be determined on the basis of the following notional formula in respect of the identified COMPONENT ('K') viz LABOUR, HIGH SPEED DIESEL OIL, WELDING ROD, CEMENT, STEEL, MATERIALS.

$$P = K \times R \times \frac{(XN - X_o)}{X_o}$$

Where

P = Amount to be paid/recovered due to variation in the Index for Labour, High Speed Diesel Oil, Welding Rod, Cement, Steel and Materials.

K = Percentage COMPONENT ('K') applicable for Labour, High Speed Diesel Oil, Welding Rod, Cement, Steel and Materials

R = Value of work done for the billing month (Excluding Taxes and Duties if payable extra)

XN = Revised Index for Labour, High Speed Diesel Oil, Welding Rod, Cement, Steel and Materials for the billing month under consideration

Xo = Index for Labour, High Speed Diesel Oil, Welding Rod, Cement, Steel and Materials as on the Base date.

**2.17.5 Base date shall be the calendar month of the schedule completion date (i.e. Actual start date + Scheduled Contractual completion period as per Letter of Intent/award and/or work order).**

2.17.6 PVC shall not be payable for the ORC amount, Supplementary/Additional Items, Extra works. However, PVC will be payable for items executed under quantity variation of BOQ items under originally awarded contract.

2.17.7 The contractor shall furnish necessary monthly bulletins in support of the requisite indices from the relevant websites along with his Bills.

2.17.8 The contractor will be required to raise the bills for price variation payments on a monthly basis along with the running bills irrespective of the fact whether any increase/decrease in the index for relevant categories has taken place or not. In case there is delay in publication of bulletins (final figure), the provisional values as published can be considered for payments and arrears shall be paid/recovered on getting the final values.

2.17.9 PVC shall be applicable only, during the extended period of contract (if any) after the scheduled completion period and for the portion of work delayed / backlog for the reasons not attributable to the contractor.

However, total quantum of Price Variation amount payable/recoverable shall be regulated as follows:

i) For the portion of shortfall / backlog not attributable to contractor, PVC shall be worked out on the basis of indices applicable for the respective month in which work is done. Base index shall be applicable as defined in clause 2.17.5.

ii) In case of Force majeure, PVC shall be regulated as per (a) or (b) below:

a) Force majeure is invoked before “base date”/“revised base date” (as explained below) OR immediately after “base date”/“revised base date” in continuation (i.e. during the period when PVC is not applicable):

1. Base date shall be revised: Revised base date=Previous base date + duration of Force majeure. No PVC will be applicable for the work done till revised base date.

2. PVC will be applicable for the work done after “base date”/“revised base date” as the case may be (during extended period when delay is not attributable to contractor). PVC shall be worked out on the basis of the indices applicable for the respective month in which work is done with base index as on “base date”/“revised base date” as the case may be.

b) Force majeure is invoked after “base date”/“revised base date” as the case may be (during extended period when delay is not attributable to contractor).

1. PVC shall be applicable for the work done after revocation of force majeure.

2. PVC for the work done after revocation of force majeure shall be worked out on the basis of indices applicable for the respective month in which work is done excluding the effect of change in indices during total period of Force majeure(s) invoked after “base date”/“revised base date” as the case may be. Base index shall be taken as on “base date”/“revised base date” as the case may be.

iii) The total amount of PVC shall not exceed 10% of the cumulatively executed contract value. Executed contract value for this purpose is exclusive of PVC, ORC, Supplementary/Additional Items and Extra works except extra items due to quantity variation.

## **2.18 INSURANCE**

2.18.1 BHEL/their customer shall arrange for insuring the materials/properties of BHEL/customer covering the risks during transit, storage, erection and commissioning.

2.18.2 It is the sole responsibility of the contractor to insure his materials, equipments, workmen, etc. against accidents and injury while at work and to pay compensation, if any, to workmen as per Workmen’s compensation Act. The work will be carried out in a protected area and all the rules and regulations of the client /BHEL in the area of project which are in force from time to time will have to be followed by the contractor.

2.18.3 If due to negligence and or non-observation of safety and other precautions by the contractors, any accident/injury occurs to the property / manpower belong to third party, the contractor shall have to pay necessary compensation and other expense, if so decided by the appropriate authorities.

2.18.4 The contractor will take necessary precautions and due care to protect the material, while in his custody from any damage/ loss due to theft or otherwise till the same is taken over by BHEL or customer. For lodging / processing of insurance claim the contractor will submit necessary documents. BHEL will recover the loss including the



deductible franchise from the contractor, in case the damage / loss is due to carelessness / negligence on the part of the contractor. In case of any theft of material under contractor's custody, matter shall be reported to police by the contractor immediately and copy of FIR and subsequently police investigation report shall be submitted to BHEL for taking up with insurance. However this will not relieve the contractor of his contractual obligation for the material in his custody.

## **2.19 STRIKES & LOCKOUT**

2.19.1 The contractor will be fully responsible for all disputes and other issues connected with his labour. In the event of the contractor's labour resorting to strike or the Contractor resorting to lockout and if the strike or lockout declared is not settled within a period of one month, it may be considered as 'Breach of Contract' under Clause 2.7 and the remedies under Clause 2.7.2.2 may be executed, at the discretion of BHEL.

2.19.2 For all purposes whatsoever, the employees of the contractor shall not be deemed to be in the employment of BHEL

## **2.20 FORCE MAJEURE**

2.20.1 "Force Majeure" shall mean circumstance which is: a) beyond a party's control, b) The party could not reasonably have provided against before entering into the contract, c) Having arisen, such party could not reasonably have avoided or overcome, and d) Is not substantially attributable to the other party. Such circumstances include but not limited to

- i) Exceptionally adverse climatic conditions at the site which are unforeseeable having regard to climate data available or published in the country for the geographical location of the site.
- ii) War, hostilities (whether war be declared or not), invasion, act of foreign enemies.
- iii) Rebellion, terrorism, revolution, insurrection, military or usurped power, or civil war.
- iv) Riot, commotion or disorder by persons other than the contractor's personnel and other employees of the contractor and sub-contractors.
- v) Strike or lockout not solely involving the contractor's personnel and other employees of the contractor and sub-contractors.
- vi) Encountering munitions of war, explosive materials, ionizing radiation or contamination by radio-activity, except as may be attributable to the contractor's use of such munitions, explosives, radiation or radio- activity.
- viii) Natural catastrophes such as earthquake, tsunami, volcanic activity, hurricane or typhoon, flood, fire, cyclones etc.

2.20.2 The following events are explicitly excluded from Force Majeure and are solely the responsibilities of the non-performing party: a) any strike, work-to-rule action, go-slow or similar labour difficulty (b) late delivery of equipment or material (unless caused by Force Majeure event) and (c) economic hardship.

2.20.3 If either party is prevented, hindered or delayed from or in performing any of its



obligations under the Contract by an event of Force Majeure, then it shall notify the other in writing of the occurrence of such event and the circumstances thereof within 15 (fifteen) days after the occurrence of such event.

2.20.4 The party who has given such notice shall be excused from the performance or punctual performance of its obligations under the Contract for so long as the relevant event of Force Majeure continues and to the extent that such party's performance is prevented, hindered or delayed. The Time for Completion shall be extended by a period of time equal to period of delay caused due to such Force Majeure event.

2.20.5 Delay or non-performance by either party hereto caused by the occurrence of any event of Force Majeure shall not

- i) Constitute a default or breach of the Contract.
- ii) Give rise to any claim for damages or additional cost expense occasioned thereby, if and to the extent that such delay or non-performance is caused by the occurrence of an event of Force Majeure.

## **2.21 ARBITRATION & CONCILIATION**

### **2.21.1 ARBITRATION:**

2.21.1.1 Except as provided elsewhere in this Contract, in case Parties are unable to reach amicable settlement (whether by Conciliation to be conducted as provided in Clause 2.21.2 herein below or otherwise) in respect of any dispute or difference; arising out of the formation, breach, termination, validity or execution of the Contract; or, the respective rights and liabilities of the Parties; or, in relation to interpretation of any provision of the Contract; or, in any manner touching upon the Contract (hereinafter referred to as the 'Dispute'), then, either Party may, commence arbitration in respect of such Dispute by issuance of a notice in terms of section 21 of the Arbitration & Conciliation Act, 1996 (hereinafter referred to as the 'Notice'). The Notice shall be addressed to the Head of the PE&SD Hyderabad executing the Contract and shall contain the particulars of all claims to be referred to arbitration in sufficient detail and shall also indicate the monetary amount of such claim. Within 60 days of receipt of the complete Notice, the Head of the BHEL PE&SD Hyderabad executing the Contract shall offer names of three proposed Arbitrators to the invoking Party advising to choose any one of the three names to be appointed as Sole Arbitrator. On getting confirmation from the invoking Party regarding the Arbitrator chosen from among the names so offered, the Head of the BHEL PE&SD Hyderabad executing the Contract, shall appoint such chosen person as the Sole Arbitrator for conducting the arbitration. The language of arbitration shall be English.

The Arbitrator shall pass a reasoned award.

Subject as aforesaid, the provisions of Arbitration and Conciliation Act 1996 (India) or statutory modifications or re-enactments thereof and the rules made thereunder as in force from time to time shall apply to the arbitration proceedings under this clause. The seat of arbitration shall be at Hyderabad for PE&SD. The Contract shall be governed by and be construed as per provisions of the laws of India. Subject to this provision 2.21.1.1 regarding ARBITRATION, the principal civil court exercising ordinary civil jurisdiction over the area where the seat of arbitration is located shall have exclusive jurisdiction over any DISPUTE to the exclusion of any other court.

2.21.1.2 In case of Contract with Public Sector Enterprise (PSE) or a Government Department, the following shall be applicable:

In the event of any dispute or difference relating to the interpretation and application of the provisions of commercial contract(s) between Central Public Sector Enterprises (CPSEs)/ Port Trusts inter se and also between CPSEs and Government Departments/Organizations (excluding disputes concerning Railways, Income Tax, Customs & Excise Departments), such dispute or difference shall be taken up by either party for resolution through AMRCD (Administrative Mechanism for Resolution of CPSEs Disputes) as mentioned in DPE OM No. 05/0003/2019-FTS-10937 dated 14-12-2022 as amended from time to time.

2.21.1.3 The cost of arbitration shall initially be borne equally by the Parties subject to the final allocation thereof as per the award/order passed by the Arbitrator.

2.21.1.4 Notwithstanding the existence of any dispute or differences and/or reference for the arbitration, the Contractor shall proceed with and continue without hindrance the performance of its obligations under this Contract with due diligence and expedition in a professional manner unless the dispute inter-alia relates to cancellation, termination or short-closure of the Contract by BHEL.

#### **2.21.2 CONCILIATION:**

If at any time (whether before, during or after the arbitral or judicial proceedings), any Disputes (which term shall mean and include any dispute, difference, question or disagreement arising in connection with construction, meaning, operation, effect, interpretation or breach of the agreement, contract), which the Parties are unable to settle mutually, arise inter-se the Parties, the same may, be referred by either party to Conciliation to be conducted through Independent Experts Committee (IEC) to be appointed by competent authority of BHEL from the BHEL Panel of Conciliators.

Notes:

1. No serving or a retired employee of BHEL/Administrative Ministry of BHEL shall be included in the BHEL Panel of Conciliators.

2. Any other person(s) can be appointed as Conciliator(s) who is/are mutually agreeable to both the parties from outside the BHEL Panel of Conciliators.

The proceedings of Conciliation shall broadly be governed by Part-III of the Arbitration and Conciliation Act 1996 or any statutory modification thereof and as provided in Procedure 2.0 of Forms & Procedures covered in Vol-ID. The Procedure 2.0 together with its Formats will be treated as if the same is part and parcel hereof and shall be as effectual as if set out herein in this GCC.

The Contractor hereby agrees that BHEL may make any amendments or modifications to the provisions stipulated in the Procedure 2.0 from time to time and confirms that it shall be bound by such amended or modified provisions of the Procedure 2.0 with effect from the date as intimated by BHEL to it.

### **2.21.3 No Interest payable to Contractor**

Notwithstanding anything to the contrary contained in any other document comprising in the Contract, no interest shall be payable by BHEL to Contractor on any moneys or balances including but not limited to the Security Deposit, EMD, Retention Money, RA Bills or the Final Bill, or any amount withheld and/or appropriated by BHEL etc., which becomes or as the case may be, is adjudged to be due from BHEL to Contractor whether under the Contract or otherwise.

## **2.22 RETENTION AMOUNT**

2.22.1 Retention Amount shall be 5% of contract value and shall be furnished before the first RA Bill becomes due for payment. In case of increase in contract value, additional 5% of differential amount shall be submitted by Contractor before payment of next RA Bill due.

The Retention amount of 5% of the contract value may be accepted in the following forms: -

- i. Cash (as permissible under the extant Income Tax Act).
- ii. Local cheques of Scheduled Banks (subject to realization)/ Pay Order/ Demand Draft/ Electronic Fund Transfer in favour of BHEL.
- iii. Securities available from Indian Post offices such as National Savings Certificates, Kisan Vikas Patras etc. (held in the name of Contractor furnishing the security and duly endorsed/ hypothecated / pledged, as applicable, in favour of BHEL).
- iv. Bank Guarantee from Scheduled Banks/ Public Financial Institutions as defined in the Companies Act and in line with clause 1.12 of GCC. The Bank Guarantee format for Retention Amount shall be in the prescribed formats. The validity of BG shall be initially for the contract period & shall be extended up to acceptance of final bill if the final bill is not settled during the contract period.
- v. Fixed Deposit Receipt issued by Scheduled Banks/ Public Financial Institutions as defined in the Companies Act (FDR should be in the name of the Contractor, a/c BHEL).
- vi. Insurance Surety Bonds.

**Alternatively**, on successful bidder's request, the Retention Amount can also be recovered at the rate of 10% of the gross amount, progressively, from each of the running bills of the contractor till the total amount of the required retention amount is collected.

In case, contractor opts cash deduction from RA bills in the beginning & subsequently submit 5% of the Contract Value as Retention amount in any form as mentioned above, then refund of deducted retention amount may be permitted to contractor.

Note:

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.

#### 2.22.2 Refund of Retention Amount shall be as follows:

100% of Retention Amount/ BG against Retention Amount shall be released along with Final Bill after deduction all expenses/other amounts due to BHEL under the contract/ other contracts entered into with them (contractor) by BHEL.

### 2.23 PAYMENTS

Payments to Contractors are made in any one of the following forms:-

#### 2.23.1 Running Account Bills (RA Bills):

- i) These are for interim payments when the contracts are in progress. The bills for such interim payments are to be prepared by Contractor in prescribed formats (RA Bill forms).
- ii) Payments shall be made according to the extent of work done as per measurements taken up to the end of the calendar month and in line with the terms of payments described in the Tender documents
- iii) Recoveries on account of electricity, water, statutory deductions, etc are made as per terms of contract
- iv) Full rates for the work done shall be allowed only if the quantum of work has been done as per the specifications stipulated in the contract. If the work is not executed as per the stipulated specifications, BHEL may ask the contractor to re do the work according to the required specifications, without any extra cost. However, where this is not considered necessary 'OR' where the part work is done due to factors like non-availability of material to be supplied by BHEL 'OR' non availability of fronts 'OR' non availability of drawings, fraction payment against full rate, as is considered reasonable, may be allowed with due regard for the work remaining to be done. BHEL decision in this regard will be final and binding on the contractor.
- v) In order to facilitate part payment, BHEL at its discretion may further split the contracted rates/percentages to suit site conditions, cash flow requirements according to the progress of work, subject to following:
  - a) Provided no 'part' payment is recommended till 25% of work in the item rate is

executed.

- b) Payment of item rate to be made in not more than three instalments, last stage payment to be not lower than 20% of the item rate.

#### 2.23.2 **Final Bill**

Final Bill' is used for final payment on closing of Running Account for works or for single payment after completion of works. 'Final Bill' shall be submitted as per prescribed format after completion of works as per scope and upon material reconciliation, along with the following.

- i) 'No Claim Certificate' by contractor
- iii) Clearance certificates where ever applicable viz Clearance Certificates from Customer, various Statutory Authorities like Labour department, PF Authorities, Commercial Tax Department, etc
- iv) Indemnity bond as per prescribed format .

BHEL shall settle the final bills after deducting all liabilities of Contractor to BHEL

#### 2.24 **PERFORMANCE GUARANTEE FOR WORKMANSHIP**

- 2.24.1 Even though the work will be carried out under the supervision of BHEL Engineers the Contractor will be responsible for the quality of the workmanship and shall guarantee the work done for a period of Twelve months from the date of commencement of guarantee period as defined in Technical Conditions of Contract, for good workmanship and shall rectify free of cost all defects due to faulty erection detected during the guarantee period. In the event of the Contractor failing to repair the defective works within the time specified by the Engineer, BHEL may proceed to undertake the repairs of such defective works by itself, without prejudice to any other rights and recover the cost incurred for the same along with 5% overheads from the Security Deposit.

- 2.24.2 BHEL shall release the guarantee money subject to the following

- i) Contractor has submitted 'Final Bill'
- ii) Guarantee period as per contract has expired
- iii) Contractor has furnished 'No Claim Certificate' in specified format
- iv) BHEL Site Engineer/Construction Manager has furnished the 'No Demand Certificate' in specified format
- v) Contractor has carried out the works required to be carried out by him during the period of Guarantee and all expenses incurred by BHEL on carrying out such works is included for adjustment from the Guarantee money refundable.

#### 2.25 **CLOSING OF CONTRACTS**

The Contract shall be considered completed and closed upon completion of contractual obligations and settlement of Final Bill or completion of Guarantee period whichever is later. Upon closing of Contract, BHEL shall issue a performance/ experience certificate as per standard format, based on specific request of Contractor as per extant BHEL guidelines through the online portal available at <https://siddhi.bhel.in> only.

## **2.26 SUSPENSION OF BUSINESS DEALINGS**

BHEL reserves the right to take action against Contractors who either fail to perform or Tenderers/Contractor who indulge in malpractices, by suspending business dealings with them in line with BHEL guidelines issued from time to time.

## **2.27 LIMITATION ON LIABILITY:**

Notwithstanding anything to the contrary in this Agreement or the Work Order or any other mutually agreed document between the parties, the maximum liability, for damages, of the contractor, its servants or agents, shall under no circumstances exceed an amount equal to the Price of the Agreement or the Work Order. The Contractor shall not in any case be liable for loss of profit or special, punitive, exemplary, indirect or consequential losses whatsoever. This shall not be applicable on the recoveries made by Customer from BHEL on account of Contractor, any other type of recoveries for workmanship, material, T&P etc. due from the contractor.

## **2.28 OTHER ISSUES**

- 2.28.1 Value of Non judicial Stamp Paper for Bank Guarantees and for Contract Agreement shall be not less than Rs 200/- unless otherwise required under relevant statutes.
- 2.28.2 In case of any conflict between the General Conditions of Contract and Special Conditions of Contract, provisions contained in the Special Conditions of Contract shall prevail.
- 2.28.3 Unless otherwise specified in NIT, offers from consortium/ JVs shall not be considered.

## **2.29 FRAUD POLICY**

The bidder along with its associate/ collaborators/ sub-contractors/ sub-vendors/ consultants/ service providers shall strictly adhere to BHEL fraud prevention policy displayed on BHEL website <http://www.bhel.com> and shall immediately bring to the notice of BHEL management about any fraud or suspected fraud as soon as it comes to their notice

## **2.30 LOADING CRITERIA**

**Deviated Penalty:** Any loading on penalty/LD clause shall be 10% or to the extent to which it is not agreed by vendor/Contractor.

**Deviated Payment Terms:** Deviations on Commercial terms from NIT are generally not acceptable. In case of deviations w.r.t Payment terms, the price will be loaded at Base rate of SBI (as applicable on the date of bid opening/Techno-commercial bid in case of 2 part bids) + 6% for the period of relaxation.

**2.31 REVERSE AUCTION: (If applicable for tender).**

BHEL reserves the right to go for Reverse Auction for Price Bid Opening by BHEL appointed service provider, instead of opening the submitted sealed price bid in the conventional way. The Business Rules for Reverse Auction shall be as per BHEL guidelines issued from time to time.