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# General Conditions of Contract (GCC)

Vol IA

**BHARAT HEAVY ELECTRICALS LIMITED**  
**POWER SECTOR - HEAD QUARTERS**  
**CENTRAL PROCUREMENT CELL**

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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 IP shall be issued as part of the Tender documents and shall be submitted by the bidder along with Techno-commercial bid duly filled, signed and stamped by the authorized signatory who signs the bid. 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.
- 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 attend through online mode, if provisions are 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 The information given in the tender documents is for general guidance and shall not be construed as contractually binding on BHEL/ Owner. All relevant site data/ information as may be necessary

for bidding shall have to be obtained/ collected by the Tenderer.

- 1.2.6 The Tenderers are advised to physically visit the site to acquaint and satisfy themselves about the weather conditions, working culture in the area, socio-political environment, safety & security aspects, law & order situation, law of the land, transportation routes, various distances, surroundings of plant/ project premises together with all statutory, obligatory, mandatory requirements of various authorities and obtain for themselves all necessary information as to the risks, contingencies and all other circumstances, which may influence or affect the discharge of various obligations under the Contract during contract period including extended period (if any).
- 1.2.7 The submission of bid will tantamount to due diligence having been done and it shall be deemed that:
- a. the Tenderer has obtained all necessary information as to risks, contingencies and other circumstances which may influence or affect the Works
  - b. the Tenderer accepts total responsibility for having foreseen all difficulties and costs of successfully completing the Works
  - c. the Tenderer accepts that, the Contract Price shall not be adjusted to take account of any unforeseeable or unforeseen difficulties or costs and the Tenderer shall not raise any claims/ disputes against BHEL and/ or Owner at later date in any manner whatsoever.
- 1.2.8 The Tenderer shall mandatorily be required to submit "Site Visit Confirmation Declaration" in Form F-06 along with the Technical Bid.

### 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. Tenderers are requested to refer the clauses of NIT/ Vol-II "Price Bid" for more details. 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 shall be rejected. Further, offer of the bidders, who engage the services of the debarred firms or associated with the debarred firm, for present bid, shall also be rejected. The list of debarred firms is available on BHEL web site [www.bhel.com](http://www.bhel.com) (Refer clause 28.0 of NIT).
- 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 criteria 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 claimed by bidder is based on 'Work Order' and 'Experience Certificates' from any organization other than BHEL (main agency), then it shall be the responsibility of bidder 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's 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 either through system generated e-mail or through letter/e-mail after award to successful bidder.
- vii) Bidders are advised to also refer to clause no 2.9.4 regarding evaluation of their performance in ongoing projects.
- viii) In case of changes in scope and/or technical specification and/or commercial terms & conditions,

having price implications, techno-commercially acceptable bidders shall be asked to submit the impact (either positive or negative, as decided by BHEL) of such changes on their price bid on or before the cut-off date. If the bidder submits impact opposite of the asked for (positive or negative), the impact will be considered as ZERO for evaluation as well as ordering. If BHEL does not specify the type of impact (positive or negative), bidders shall be free to quote the impact in positive or negative. Bidder's query/correspondence etc. with respect to this tender shall not be entertained after opening of Price bid, except from L1 bidder.

#### **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, PAN 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.

#### **1.9 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 before tender opening / along with the offer in full as per the amount

indicated in the 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) duly marking lien in favour of 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 in the prescribed format, as mentioned in clause 1.12 (i), and 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. No other form of EMD remittance shall be acceptable to BHEL.
- 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.

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.

OR

- 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 or refuse to accept the 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" of BHEL and forfeited/ released based on the action as determined under these guidelines.

1.9.3 EMD shall not carry any interest.

1.9.4 EMD given by all unsuccessful tenderers shall be refunded normally within fifteen days of 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 Vendor shall submit Security Deposit for 5% (10% in case of JVs & additional 1% from each JV partner) of the individual LOA within 30 days from issuance of LOA by BHEL, to cover the due performance of Order / Contract and to fulfil the guarantee/ defect liability conditions stipulated in the Order / Contract. Order/ contract value for the purpose of this clause shall be the order value for the entire scope of work specified in LOA excluding Freight charges (if indicated separately) and Goods & Service Tax (GST)

1.10.2 The Security Deposit shall be furnished within 30 days from the date of issuance of LOA by BHEL.

1.10.3 The Security Deposit may be furnished 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 favor 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 favor of BHEL).

(iv) Bank Guarantee in prescribed formats shall be from Consortium bank as mentioned in clause 1.12 (i).

(iii) 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). Specific lien in favour of BHEL on the FDR shall be marked and letter from the Bank having created such lien in the format shall be submitted along with FDR.

(vi) Insurance Surety Bond.

**Note:**

- i. 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.
- ii. In case of delay in submission of Security Deposit, enhanced Security Deposit which would include interest (Repo rate + 4%) for the delayed period, shall be submitted by the bidder.

1.10.4 The Security Deposit shall not carry any interest.

1.10.5 In case the value of work exceeds the awarded / accepted value due to change in scope. Security Deposit shall be correspondingly enhanced.

- i) The enhanced part of the Security Deposit shall be immediately deposited by the Contractor or adjusted against payments due to the Contractor.
- ii) 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 till actual completion work + guarantee/ defect liability obligations period + 3 months.

1.10.7 BHEL reserves the right of forfeiture of Security Deposit in addition to other claims, damages and remedies 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 by giving prior notice to the contractor.

### 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/ Defect Liability Obligations Period after deducting all expenses / other amounts due to BHEL under the contract..

### 1.12 BANK GUARANTEES

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

i) Bank Guarantees shall be from:

- a) For EMD - From Scheduled Bank & Preferably from any of BHEL's Consortium Banks and in the prescribed format covered vide F-16 of Forms and Procedure. Bank Guarantee issued by Co-Operative Banks / Financial Institutions shall not be accepted
- b) For Security Deposit –Only from BHEL's Consortium bank and in the prescribed format covered vide F-18 of Forms and Procedure.
- c) For Retention Amount – Only from BHEL's Consortium bank and in the prescribed format covered vide F-20 of Forms and Procedure.
- d) For Interest free refundable Bearing Advance – Only from BHEL's Consortium bank and in the prescribed format covered vide F-22 of Forms and Procedure.
- e) For Interest bearing refundable Advance –Only from BHEL's Consortium bank and in the prescribed format covered vide F-23 of Forms and Procedure.

ii) List of BHEL's Consortium Bank is covered vide Annexure-1 of Forms & Procedures. In the event of any revision in the list of BHEL's Consortium Banks at the time of BG execution, the same shall be duly complied with by the Contractor / Vendor.

iii) For issuance of e-BG, BHEL is a registered entity in NeSL the platform through which e-BG is issued. BHEL as a registered NeSL beneficiary can be tracked based on BHEL PAN No AAACB4146P.

iv) It is the responsibility of the bidder to get the Bank Guarantees revalidated/extended for the required period as per the advice of BHEL Engineer / Construction Manager. BHEL shall not be liable for issue of any reminders regarding expiry of the Bank Guarantees.

v) In case extension/further extensions of any Bank Guarantees are not required, the bidders shall

ensure that the same is explicitly endorsed by the respective Engineer-In-charge of BHEL and submitted to the CPC issuing the LOI/LOA.

- vi) 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.
- vii) 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.
- viii) The Original Bank Guarantee shall be submitted to Subcontracting Department of CPC (Central Procurement Cell) - PSHQ of BHEL till signing of Contract Agreement and the balance BG, if applicable, shall be submitted to respective regional HQ, unless specified otherwise in TCC.

### 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 ISSUANCE OF LOI/LOA AND EXECUTION OF CONTRACT AGREEMENT

#### 1.14.1: ISSUANCE OF LOI/LOA

Issuance of LOI/LOAs by BHEL shall result in a binding contract between the Contractor and BHEL. Contractor should examine the LOI/LOAs immediately upon receipt and bring to the notice of BHEL, within 7 days of receipt, any discrepancy/errors with regard to scope of work, rates, taxes & duties, agreed terms & conditions etc. for due rectification. If the Contractor fails to give such discrepancies within seven days, LOI/LOAs issued shall be deemed as having no discrepancy/errors. In case of any clerical error in the LOI/LOAs with respect to agreed Terms & Conditions, BHEL shall issue correction(s) as and when noticed.

**1.14.2: 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 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 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. The expenses for preparation of agreement document shall be borne by BHEL.

### 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 nor 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 (debarred) 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 not consider a bidder for further processing of tender 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. In case BHEL resolves to cancel the tender under this clause, BHEL will issue a notice in this regard containing reasons as to the cancellation of tender. The contractor shall be required to furnish his response to such notice within a period of 14 days from the date of receipt of such notice through any means (BHEL reserves the right to decrease the period up to 05 days). BHEL after due consideration of the representation made by contractor shall communicate its final decision within a reasonable period. In case contractor fails to submit any response to the notice issued by BHEL within the period stipulated in the notice, BHEL at its discretion may proceed to cancel the contract. Contractor shall not be eligible for any compensation whatsoever for the cancellation of contract under this clause
- 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. BHEL may, however, recognize 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) shall 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-1 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.

1.15.13 Acceptance of offer is subjected to customer approval If required.

1.15.14 In the event of end customer cancel / placed on hold / otherwise modify the contract with BHEL, against which the subject tender is issued, BHEL would be constrained to accordingly cancel / hold / modify the tender at any stage of tendering process without any financial implications on BHEL.

#### **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.

**1.17 Confidentiality** Seller/ Contractor shall, at all times, undertake to maintain complete confidentiality of all data, information, software, drawings & documents, etc. belonging to the Owner and also of systems, procedures, reports, input documents, manuals, results and any other company documents discussed and/ or finalized during the course of execution of order/ contract. i.e. Seller/Contractor shall in no way share or use such intellectual property of BHEL/Owner to promote his own business with others. BHEL reserves the right to claim damages from the Seller/Contractor, or take appropriate penal action as deemed fit against the Seller/Contractor, for any infringement of the provisions contained herein.

#### **1.18 INTELLECTUAL PROPERTY & LICENSES**

If any patent, design, trademark, trade secret or any other intellectual property rights apply to the delivery or accompanying documentation/drawings, Buyer or its customer shall be entitled to the legal use thereof free of charge by means of a non-exclusive, assignable, transferrable, sub-licensable, worldwide, perpetual license. All intellectual property rights that arise due to the execution of the delivery by the Seller and by its employees or third parties involved by the Seller for the performance of the contract shall be promptly notified by the Seller to the Buyer and shall be deemed to belong to the Buyer. The Seller shall be obligated to cooperate with the Buyer and do everything necessary to obtain or perfect the above-mentioned rights in favor of the Buyer.

The Seller represents and guarantees that the delivery does not infringe on any of the intellectual property rights of third parties. In the event a third party makes a claim, the Seller shall also be obligated to do everything necessary to obtain or establish the alternate acceptable arrangement pending resolution of any (alleged) claims by third parties.

The Seller agrees to indemnify, defend and hold harmless the Buyer, its officers, employees, agents, representatives, successors, assignees or any of the Buyer's customers buying or using the goods or

services specified herein, against any actual or alleged infringement of such intellectual property interests, claims by third parties in this regard and shall pay to the Buyer merely on demand without demur and without requiring the Buyer to furnish any proof of such claim, such sum as indicated in the demand towards any liabilities, damages, penalties, injuries, claims, demands, actions, cost and expenses etc. suffered as a result thereof.

The Seller agrees that its liability under this clause shall be unlimited.

**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, a company registered under Indian Companies Act 1956, having its Registered Office at BHEL HOUSE, SIRI FORT, NEW DELHI – 110 049, or its office at CPC (Central Procurement Cell), PSHQ, Noida or its Power Sector Regional Offices or its Authorized Officers (inviting tenders).
- ii) "EXECUTIVE DIRECTOR" or "GENERAL MANAGER (In- charge)" or "GENERAL MANAGER" shall mean the Officer in Administrative charge of the respective Power Sector Region.
- iii) "COMPETENT AUTHORITY" shall mean BHEL Officers who are empowered to act on behalf 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 the respective Power Sector Regions. For the purpose of joint measurement, verification, certification and/ or approval of the work and/ or documents under the contract the word "Engineer" or "Engineer In-charge" shall be deemed to include the Engineers of the Customer and/ or his Consultant also.
- 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) "CONSULTANT" shall mean the agency appointed by Owner or BHEL to provide consultancy services for the project and shall include its successors and assigns as well as authorized officer(s)/ representative(s).
- vii) "CLIENT OF BHEL" or "CUSTOMER" or "OWNER" shall mean the project authorities with whom BHEL has entered into a contract for supply of equipments or provision of services.
- viii) "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.
- ix) Sub-Contractor/ sub-vendor shall mean the person/ firm/ company/ organization to whom any part of the work has been sub-contracted by Seller/ Contractor, with the written consent of BHEL, and shall include sub-contractor's heirs, executors, administrators, representatives and assigns as agreed between Contractor and BHEL.
- x) Inspection Agency (IA) shall mean person(s) authorized by BHEL / Owner to inspect the stores as per Order/Contract at Vendor's/ Contractor's/ Sub-Contractor's works. Vendors to raise inspection call on BHEL – CQS website
- xi) Consignee shall mean the official(s)/ person(s) to whom the stores are required to be delivered in the manner indicated in the Order/ Contract.
- xii) Plant/ Equipment/ Stores shall mean the goods, machinery, components, parts, spares etc. required to be supplied by Contractor as per Order/ Contract.
- xiii) "CONTRACT" or "CONTRACT DOCUMENT" shall mean and includes the Agreement or LOA, the accepted appendices of Rates, Schedules, Quantities if any, Offer submitted by contractor including acceptance to General Conditions of Contract,



	Instructions to the Tenderers, Drawings, Technical Specifications, the Special Specifications if any, the Tender documents, subsequent amendments /corrigendum to Tender 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 or amendment thereof.
xiv)	"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.
xv)	"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.
xvi)	"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.
xvii)	"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.
xviii)	"PLANT" shall mean and connote the entire assembly of the plant and equipments covered by the contract.
xix)	"EQUIPMENT" shall mean equipment, machineries, materials, structural, electricals and other components of the plant covered by the contract.
xx)	"APPROVED", "DIRECTED" or "INSTRUCTED" shall mean approved, directed or instructed by BHEL.
xxi)	"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.
xxii)	"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.
xxiii)	"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.



xxiv)	"MONTH" shall mean calendar month unless otherwise specified in the Tender.
xxv)	'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.
xxvi)	"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.
xxvii)	"TEMPORARY WORK" shall mean all temporary works for every kind required in or for the execution, completion, maintenance of the work.
xxviii)	'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.
xxix)	'EXECUTED CONTRACT VALUE' shall mean actual value of Supply/works supplied/executed by the contractor and certified by BHEL. This value shall not include PVC, Extra Works, and Taxes.
xxx)	"COMMENCEMENT DATE" or "START DATE" shall mean the commencement/start of work as per terms defined in the Tender.
xxxi)	"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.
xxxii)	"TERMINATION" of Contract shall mean the pre-mature closing of contract due to reasons as mentioned in the contract.
xxxiii)	"DE MOBILIZATION" shall mean the temporary winding up of Site establishment by Contractor leading to suspension of works temporarily for reasons not attributable to the contractor.
xxxiv)	"RE MOBILIZATION" 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 2.21.2 of this contract, the Civil Court having original Civil Jurisdiction at **Delhi for PSNR/ Kolkata for PSER/ Nagpur for PSWR/ Chennai for PSSR/Bangalore for ISG**, 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 to the Contractor

Any notice to be given to the Contractor under the terms of the contract shall be served by sending the same by **Email/ 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 dispatch or display of the

notice as the case may be 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 to BHEL**

Any notice to be given to BHEL In-charge of the Region under the terms of the Contract shall be served by sending the same by Registered / AD or Speed Post to 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 supply/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 supply/work within stipulated time as per LOI/ LOA or as intimated by BHEL, then BHEL at its sole discretion shall have the right to cancel the contract. The Earnest Money and/or Security Deposit furnished by the contractor to under this tender will stand forfeited without any further reference to him and without prejudice to BHEL's other rights and remedies under this contract and the applicable laws in this regard.

**2.5.3** All the supply/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 and approved by contract executing department.

**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 in 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, along with statutory documents, 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.

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. The Contractor shall submit the final bill in line with WAM 7 format as per tender documents with an additional recording of the dispute, if any and shall sign with the following declaration:

I/ We hereby certify that I/We have performed the work as per the terms and conditions of Contract Agreement/Work Order No..... dated.....for which payment is claimed as above and that I/We have no further claim under this agreement/work order\* except for the following (nature of claim with details & amount claimed, if any. NIL may be mentioned if there are no further claims). –

- a) .....
- b) .....
- c) .....

It is agreed that the authorized signatory of Contractor shall necessarily record his claims/ dispute in Form WAM 7 only and any claim(s)/ dispute in any other form/ letter shall not be taken cognizance of by BHEL and admissible before any forum. BHEL shall make the payment of undisputed amount within the stipulated time without any unreasonable delay.

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 fulfil BHEL's commitment to its customer or the date of completion is advance due to other emergent reasons/ BHEL's obligation to its customer.

Where the contractor fails to deploy adequate manpower to meet the contractual target, BHEL reserves the right to deploy manpower to meet such shortfall, through any other agency for expediting activities in the interest of the project. Supplied manpower shall be put on job by the contractor. Fulfilling of all obligations towards 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 shall be entitled to take action as provided herein.

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

**2.7.2.1** The following shall amount to breach of contract:

- I. Non-supply of material/ non-completion of work by the Supplier/Vendor within scheduled delivery/ completion period as per contract or as extended from time to time.
- II. The Supplier/Vendor fails to perform as per the activity schedule and there are sufficient reasons even before expiry of the delivery/ completion period to justify that supplies shall be inordinately delayed beyond contractual delivery/ completion period.
- III. The Supplier/Vendor delivers equipment/ material not of the contracted quality.
- IV. The Supplier/Vendor fails to replace the defective equipment/ material/ component as per guarantee clause.
- V. Withdrawal from or abandonment of the work by the Supplier/Vendor before completion as per contract.
- VI. Assignment, transfer, subletting of Contract by the Supplier/Vendor without BHEL's written permission resulting in termination of Contract or part thereof by BHEL.
- VII. Non-compliance to any contractual condition or any other default attributable to Supplier/Vendor.
- VIII. Any other reason(s) attributable to Vendor towards failure of performance of contract. In case of breach of contract, BHEL shall have the right to terminate the Purchase Order/ Contract either in whole or in part thereof without any compensation to the Supplier/Vendor.
- IX. Any of the declarations furnished by the contractor at the time of bidding and/ or entering into the contract for supply are found untruthful and such declarations were of a nature that could have resulted in non-award of contract to the contractor or could expose BHEL and/ or Owner to adverse consequences, financial or otherwise.
- X. Supplier/Vendor is convicted of any offence involving corrupt business practices, antinational activities or any such offence that compromises the business ethics of BHEL, in violation of the Integrity Pact entered into with BHEL has the potential to harm the overall business of BHEL/ Owner.

**Note:**

- i. Once BHEL considers that a breach of contract has occurred on the part of Supplier/Vendor, BHEL shall notify the Supplier/Vendor by way of notice in this regard. Contractor shall be given an opportunity to rectify the reasons causing the breach of contract within a period of 14 days.
- ii. In case the contractor fails to remedy the breach, as mentioned in the notice, to the satisfaction of BHEL, BHEL shall have the right to take recourse to any of the remedial actions available to it under the relevant provisions of contract.

**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**

- i. Wherein the period as stipulated in the notice issued under Note sl. No. (i) of clause 2.7.2.1 has expired and Contractor has failed to remedy the breach, BHEL will have the right to terminate the contract on the ground of "Breach of Contract" without any further notice to contractor.
- ii. Upon termination of contract, BHEL shall be entitled to recover an amount equivalent to 10% of the Contract Value for the damages on account of breach of contract committed by the Contractor. This amount shall be recovered by way of encashing the security instruments like performance bank guarantee etc available with BHEL against the said contract. In case the value of the security instruments available is less than 10% of the contract value, the balance amount shall be recovered from other financial remedies (i.e. available bills of the contractor, retention amount, from the money due to the Contractor etc. with BHEL) or the other legal remedies shall be pursued.
- iii. wherever the value of security instruments like performance bank guarantee available with BHEL against the said contract is 10% of the contract value or more, such security instruments to the extent of 10% contract value will be encashed. In case no security instruments are available or the value of the security instruments available is less than 10% of the contract

value, the 10% of the contract value or the balance amount, as the case may be, will be recovered in all or any of the following manners:

- a) From dues available in the form of Bills payable to defaulted Contractor against the same contract.
- b) In case the amount recovered under sub clause (a) above is not sufficient to fulfil the amount recoverable then a demand notice to deposit the balance amount within 30 days shall be issued to Contractor.
- c) If contractor fails to deposit the balance amount within the period as prescribed in demand notice, following action shall be taken for recovery:
  - i) If it is not possible to recover the dues available from the same contract or dues are insufficient to meet the recoverable amount, balance amount shall be recovered from any money(s) payable to Contractor under any contract with other Units of BHEL including recovery from Security Deposits or any other deposit available in the form of security instruments of any kind against Security Deposit or EMD
  - ii) In-case recoveries are not possible with any of the above available options, Legal action shall be initiated for recovery against contractor.
- iv. It is an agreed term of contract that this amount shall be a genuine pre-estimate of damages that BHEL would incur in completion of balance contractual obligation of the contract through any other agency and BHEL will not be required to furnish any other evidence to the Contractor for the purpose of estimation of damages.
- v. In addition to the above, imposition of liquidated damages, debarment, termination, de-scoping, short-closure, etc., shall be applied as per provisions of the contract.

**Note:**

The defaulting contractor shall not be eligible for participation in any of the future enquiries floated by BHEL to complete the balance work. The defaulting contractor shall mean and include:

- (b) In case defaulted contractor is the Sole Proprietorship Firm, any Sole Proprietorship Firm owned by same Sole Proprietor.
- (c) 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 whatsoever.

**2.7.5** Whenever any Claim or Claims for payment of any sum of money(s) arises under this or any other contract against the contractor, BHEL shall be entitled to withhold and also have a lien to retain such sum of money(s) in whole or in part from any money(s) payable to contractor and/or Security Deposits furnished or deducted in cash from the bills of contractor, (if any) under this contract. In



the event of the securities or the amounts payable to Contractor, being insufficient to cover BHEL claims, then BHEL shall be entitled to withhold and have a lien to the extent of such claims from any sum or sums found payable or which at any time thereafter may become payable to the contractor under this or any other contract with BHEL.

- i. Claim or Claims for payment of any sum of money(s) arising from the Contractor under this or any other contract against the contractor, shall mean, the sum of money(s) actually incurred by BHEL in fulfilling the contractual responsibilities of contractor under the contract, to which he has failed to fulfil plus applicable overheads (@ 5%) along with interest as applicable under the Contract on total amount (i.e. money actually incurred plus overheads)
- ii. It is an agreed term of the contract that, the sum or sums of money so withheld or retained under the lien by BHEL will be kept withheld or retained as such by BHEL till the claims arising out of this or any other contract are finally adjudicated wither through Arbitration or a Court of competent jurisdiction as the case may be in accordance with the terms of contract. Intimation given by the BHEL Engineer regarding withholding of such money(s) shall be considered as sufficient and relevant date for all purposes. No Interest shall be payable on such sum(s) of money which becomes due or as the case may be adjudged to be due from BHEL to Contractor, whether under contract or otherwise.
- iii. Where the contractor is a partnership firm, BHEL shall be entitled to withhold and also have a lien to retain towards such claims in whole or in part, from any other money(s) payable to any partner, whether in his individual capacity or otherwise.
- iv. If any money(s) shall, as a result of any claim or application made under the relevant provisions of any Labour Welfare Act and/ or Rules, including but not limited to Contract Labour Regulation & Abolition Act, Minimum Wages Act, Payment of Gratuity Act, BOCW (RE&CS ) Act, Provident Fund Act, Employee State Insurance Act, be directed to be paid by the BHEL, such money shall be deemed to be moneys payable to the BHEL by the Contractor.
- v. Where the Contractor fails to repay to BHEL such moneys along with applicable overheads (@ 5%) and interest, as aforesaid within seven days of being demanded, BHEL shall be entitled to recover the same from Contractor's bills/ Security Deposit or any other money(s) payable to Contractor under this Contract or any other Contract with BHEL.

**2.7.6** While every endeavor will be made by BHEL to this end, yet BHEL cannot guarantee uninterrupted work due to conditions beyond its 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

In such cases, charges towards demobilization and remobilization shall be as decided by BHEL after successful remobilization by contractor at site, and decision of BHEL shall be final and binding

on the contractor. After remobilization, all conditions as per contract shall become applicable. In case Contractor does not remobilize with adequate resources or does not start the work within the 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**

Liquidated Damages, shall be in line with the TCC.

#### **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 Fund and Miscellaneous Provisions Act, 1952, 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. The Contractor shall without any fail maintain all the registers/records in proper formats as per all the Acts, Rules and Regulations mentioned in this clause 2.8.3.

- 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 or as applicable) 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/company premises. 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/customer loaned with or without deposit to the contractor in connection with the contract shall remain properties of BHEL/their Client/customer.
- 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/non execution of contract 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 Customer/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 shall be directly responsible for payment of wages to his workmen/labours before the expiry of seven days from the last day of wage period and to ensure disbursement of wages in the presence of the representative from BHEL. 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 the purpose of maintaining the records for compliance.
- Contractor shall create awareness amongst their workforce by helping & encouraging in opening bank accounts and to encourage them to adopt digital mode of transactions. While releasing wages/ salary to their workers/ supervisors/ staff, Contractor shall comply with the GOI's guidelines for maximizing such transactions through Non-Cash / digital means.
- 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.
- 2.8.19** 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.
- 2.8.20** 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 Customer whichever is earlier.

- 2.8.21** 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.
- 2.8.22** 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 shall 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 : Rs. 10,00,000/- (Rs. Ten Lakh).  
resulting from Loss of both limbs
    - 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 the safety of 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.

**2.8.27** Contractor will ensure that the work/job is executed through his/her employees on and under no circumstances, the contractor shall subcontract the job without prior written permission from BHEL.

**2.8.28** The liability for any compensation on account of injury sustained by an employee of the contractor will be exclusively that of the contractor.

**2.9 EXECUTION PLAN, 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. including manpower, consumables, T&P mobilization etc. as applicable shall be made. These progress reports shall also form basis for evaluating agency time extension proposal.

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 '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 for completion shall be as mentioned in the LOA/Contract. The time for completion shall be reckoned from the date of commencement of work at Site as certified/notified in writing by BHEL Engineers.

**2.10.2** Time being the essence of the contract, 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. If the completion of work gets delayed for reasons not attributable to the contractor, the contract period may be suitably extended at the sole discretion of BHEL

Pending finalization of extension of time, payment to vendors for supply/E&C executed during such periods will be done only in excess of maximum LD amount as per LD clause for delayed delivery. On finalization of extension of time, payments to vendor shall be regularized in line with approved time extension proposal.

**2.11.2** Based on the reviews jointly signed as per prescribed Formats F-14, the scope balance at the end of original contract period less the backlog attributable to the seller/ 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 seller/ contractor is bound to complete the portion of backlog attributable to the seller/ 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** A joint program shall be drawn for the balance amount of work to be completed during the period of "Time Extension".

**2.11.6** During time extension of E&C (including Civil & Structural) contract, Time extension for Supply contract shall also be issued based on delay analysis of E&C contract.

**2.12 OVERRUN COMPENSATION – Not Applicable****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) .

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.

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**2.14 VOID.**

**2.15 VOID**

**2.16 SCOPE MODIFICATION-** In case of any modification/addition beyond the original scope of work of this system/ package as per the Technical Specifications and Terms & Conditions of the tender, which eventually becomes necessary for completion of facilities for the system/ package, BHEL may ask the successful bidder to do such works. In such events the work shall be executed by the bidder at mutually agreed prices. In such cases, the agreed price shall be in line with the Payment received from Customer (i.e., proportion of the aggregate value of the additional scope for which payment as received by BHEL).

**2.17 PRICE VARIATION COMPENSATION -**

PVC shall be applicable for Supply, & E&C portions, Civil and Structural Package as per Appendix-2 (PVC) and in line with the customer NIT, amendment's clarifications there off, if there is delay beyond original overall completion schedule not attributable to vendor.

Any and all the other commercial terms and conditions shall be in line with the GCC Commercial Terms and Conditions attached along with this document.

**Note:** Work Planning in F-14 format to be meticulously done as per Clause 2.9 of this GCC.

**2.18 INSURANCE**

**2.18.1** It is the entire responsibility of the seller/contractor to insure their workmen against accident and injury while at work as required by the relevant rules and to pay compensation, if any, to their workmen as per statutory act. The seller/contractor shall also insure their staff against accident/ injury with Workmen's compensation policy, group personal insurance, Comprehensive automobile Insurance etc., as may be applicable.

**2.18.2** The seller/contractor shall take insurance covering for all materials (excluding plant material), tools & plants, manpower, workers, automobiles etc., required to be provided & deployed for the job by



them. These insurance covers have to be taken prior to start of work and they shall make available the policy to Construction/ Resident Manager of Project site, BHEL for necessary verification before start of work. However, irrespective of such verification/ acceptance, sole responsibility to maintain adequate insurance cover at all times during the period of contract shall lie with the seller/contractor. Regarding aforesaid insurance cover, the seller/contractor shall directly deal with the insurance company for all matters regarding the insurance in his scope.

- 2.18.3** BHEL/ customer shall arrange comprehensive insurance policy for total supply & services for main equipment/ system covering transit risks & loss, destruction or damage during handling at site, storage, civil works, erection, testing and commissioning up to trial operation/ completion of unit(s) including theft, sabotage, fire, lightning and other natural calamities.
- 2.18.4** The seller/contractor shall timely intimate dispatches/ discrepancy during contract operation, to the underwriter. The name of the underwriter and Policy No shall be intimated in due course of time.
- 2.18.5** The seller/contractor will take necessary precautions/ due care to protect the material at project site, while in their custody from any damage/ loss till the same is handed over to BHEL/ customer at project site. For lodging/ processing of insurance claim, the seller/contractor will submit necessary documents. BHEL reserve the right to recover the loss from the seller/contractor in case the damage/ loss is due to negligence/ carelessness on the part of the seller/contractor. In case of theft of material under seller/contractor's custody, the same shall be reported to police by the seller/contractor immediately and copy of FIR and subsequently police investigation report shall be submitted to BHEL/ customer for taking up with insurance. However, this will not relieve the seller/contractor of their contractual obligation for the materials in his custody.
- 2.18.6** In case the damage/ loss/ theft of materials is attributable to negligence/ failure in discharging the duties and obligations of the seller/contractor, the expenses incurred for repair/ replacement of such components in excess of the amount realized from the underwriters, limited to Normal Excess (Deductible Franchise) shall be recovered from the seller/contractor.
- 2.18.7** In case the claim is summarily rejected by the underwriters due to WILFUL NEGLIGENCE of the seller/contractor or reasons attributable to seller/contractor, the entire cost of repair/replacement will be recovered from the seller/contractor.
- 2.18.8** In case of damage / loss / theft of goods, the seller / contractors will support BHEL for lodging claim with insurance company. FIR / Insurance claims shall be lodged by the seller / contractor within 15 days of the notice of such incidence. Responsibility of completing all formalities with Police department & Insurance surveyor will be with seller / contractor. Seller / contractors shall make good of the damages / losses of goods supplied by them against separate order from BHEL, if required for insurance claim. In case the claim is not honored by the insurance company for the lapses of seller / contractor, seller / contractor to arrange for repair / replacement of such items without any cost implication to BHEL.
- 2.18.9** Where separate order placed on seller/contractor and the insurance claim is summarily rejected at later stage, by the underwriters due to WILFUL NEGLIGENCE of the seller/contractor, the entire cost of repair/replacement will be recovered from the seller/contractor.
- 2.18.10** 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 expenses, if so decided by the appropriate authorities.

**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:

- 2.20.1.1.1 beyond control of either of the parties to contract.
- 2.20.1.1.2 Either of the parties could not reasonably have provided against the event before entering into the contract,
- 2.20.1.1.3 Having arisen, either of the parties could not reasonably have avoided or overcome, and
- 2.20.1.1.4 Is not substantially attributable to either of the parties

And prevents the performance of the contract.

Such circumstances include but not limited to

- 2.20.1.2** War, hostilities, invasion, act of foreign enemies.
  - 2.20.1.3** Rebellion, terrorism, revolution, insurrection, military or usurped power, or civil war.
  - 2.20.1.4** Riot, commotion or disorder by persons other than the contractor's personnel and other employees of the contractor and sub-contractors.
  - 2.20.1.5** Strike or lockout not solely involving the contractor's personnel and other employees of the contractor and sub-contractors.
  - 2.20.1.6** 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.
  - 2.20.1.7** Natural catastrophes such as earthquake, tsunami, volcanic activity, hurricane or typhoon, flood, fire, cyclones etc.
  - 2.20.1.8** Epidemic, pandemic 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

**2.20.5.1** Constitute a default or breach of the Contract.

**2.20.5.2** 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.

**2.20.6** BHEL at its discretion may consider short closure of contract after 1 year of imposition of Force Majeure in line with extant guidelines. In any case, Supplier/Vendor cannot consider deemed short-closure after 1 year of imposition of Force Majeure.

**2.20.7 HOLD ON CONTRACT EXECUTION CASES OTHER THAN FORCE MAJURE:** In case of uncertainty regarding lifting of HOLD on contract execution relating to any activity put by Buyer/BHEL (because of any reason other than Force Majeure) or by end customer (cancellation or hold on project), the contract/Purchase Order may be short closed by Buyer/BHEL after 3 years from date of imposition of HOLD without prejudice to any claim of either party with regard to the executed portion of the contract. However, all future obligations of the Buyer and Seller with respect to the contract/Purchase Order shall come to end in case of such short closure.

## **2.21 SETTLEMENT OF DISPUTE**

If any dispute or difference of any kind whatsoever shall arise between BHEL and the Supplier/Vendor, arising out of the contract for the performance of the work whether during the progress of contract termination, abandonment or breach of the contract, it shall in the first place referred to Designated Engineer for amicable resolution by the parties. Designated Engineer ( to be nominated by BHEL for settlement of disputes arising out of the contract ) who within 60 days after being requested shall give written notice of his decision to the contractor. Save as hereinafter provided, such decision in respect of every matter so referred shall forthwith be given effect to by the Supplier/Vendor who shall proceed with the work with all due diligence, whether he or BHEL desires to resolve the dispute as hereinafter provided or not.

If after the Designated Engineer has given written notice of this decision to the party and no intention to pursue the dispute has been communicated to him by the affected party within 30 days from the receipt of such notice, the said decision shall become final and binding on the parties. In the event the Supplier/Vendor being dissatisfied with any such decision or if amicable settlement cannot be reached then all such disputed issues shall be resolved through conciliation in terms of the BHEL Conciliation Scheme 2018 as per Clause 2.21.1

### **2.21.1 CONCILIATION**

Any dispute, difference or controversy of whatever nature howsoever arising under or out of or in relation to this Agreement (including its interpretation) between the Parties, and so notified in writing by either Party to the other Party (the "Dispute") shall, in the first instance, be attempted to be resolved amicably in accordance with the conciliation procedure as per BHEL Conciliation Scheme 2018. 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 for conduct of conciliation proceedings" (as available in [www.bhel.com](http://www.bhel.com))).

**Note:** Ministry of Finance has issued OM reference No. 1/2/24 dated 03.06.2024 regarding "Guidelines for Arbitration and Mediation in Contracts of Domestic Public Procurement. In the said OM it has been recommended that Government departments/

Entities/agencies are to encourage mediation under the Mediation Act. 2023 . The said Act has not yet been notified by the Government. Therefore, the clause "Settlement of Disputes" shall be modified accordingly as and when the Mediation Act 2023 gets notified.

## 2.21.2 ARBITRATION

- 2.21.2.1** 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 2.21.1 herein above 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, refer the disputes to Arbitral Institution i.e. **"India International Arbitration Centre (IIAC) Delhi" for PSNR & PSER / "Mumbai Centre for International Arbitration (MCIA), Mumbai" for PSWR / "Nani Palkhivala Arbitration Centre (NPAC) Chennai" for PSSR** and such dispute to be adjudicated by Sole Arbitrator appointed in accordance with the Rules of said Arbitral Institution.
- 2.21.2.2** A party willing to commence arbitration proceeding shall invoke Arbitration Clause by giving notice to the other party in terms of section 21 of the Arbitration & Conciliation Act, 1996 (hereinafter referred to as the 'Notice') before referring the matter to arbitral institution. The Notice shall be addressed to the **Head of the Region, Power Sector/ Unit, BHEL, executing the Contract** and shall contain the particulars of all claims to be referred to arbitration with sufficient detail and shall also indicate the monetary amount of such claim including interest, if any.
- 2.21.2.3** After expiry of 30 days from the date of receipt of aforesaid notice, the party invoking the Arbitration shall submit that dispute to the Arbitral Institutions and that dispute shall be adjudicated in accordance with their respective Arbitration Rules. The matter shall be adjudicated by a Sole Arbitrator who shall necessarily be a Retd Judge having considerable experience in commercial matters to be appointed/nominated by the respective institution. The cost/expenses pertaining to the said Arbitration shall also be governed in accordance with the Rules of the respective Arbitral Institution. The decision of the party invoking the Arbitration for reference of dispute to a specific Arbitral institution for adjudication of that dispute shall be final and binding on both the parties and shall not be subject to any change thereafter. The institution once selected at the time of invocation of dispute shall remain unchanged.
- 2.21.2.4** The fee and expenses shall be borne by the parties as per the Arbitral Institutional rules.
- 2.21.2.5** The Arbitration proceedings shall be in English language and the seat and venue of Arbitration shall be **Delhi for PSNR/ Kolkata for PSER/ Nagpur for PSWR/ Chennai for PSSR**.
- 2.21.2.6** Subject to the above, the provisions of Arbitration & Conciliation Act 1996 and any amendment thereof shall be applicable. All matters relating to this Contract and arising out of invocation of Arbitration clause are subject to the exclusive jurisdiction of the Court(s) situated at **Delhi for PSNR/ Kolkata for PSER/ Nagpur for PSWR/ Chennai for PSSR**.

**2.21.2.7** Notwithstanding any reference to the Designated Engineer or Conciliation or Arbitration herein, a. the parties shall continue to perform their respective obligations under the Contract unless they otherwise agree. Settlement of Dispute clause cannot be invoked by the Contractor, if the Contract has been mutually closed or 'No Demand Certificate' has been furnished by the Contractor or any Settlement Agreement has been signed between the Employer and the Contractor.

**2.21.2.8** The Mechanism of resolution of disputes through arbitration shall be available only in the cases where the value of the dispute is less than Rs. 10 Crores.

**2.21.2.9** In case the disputed amount (Claim, Counter claim including interest is Rs. 10 crores and above, the parties shall be within their rights to take recourse to remedies other than Arbitration, as may be available to them under the applicable laws after prior intimation to the other party. Subject to the aforesaid conditions, provisions of the Arbitration and Conciliation Act, 1996 and any statutory modifications or re-enactment thereof as amended from time to time, shall apply to the arbitration proceedings under this clause.

**2.21.2.10** In case, multiple arbitrations are invoked (whether sub-judice or arbitral award passed) by any party to under this contract, then the cumulative value of claims (including interest claimed or awarded) in all such arbitrations shall be taken in account while arriving at the total claim in dispute for the subject contract for the purpose of clause 2.21.2.9. Disputes having cumulative value of less than 10 crores shall be resolved through arbitration and any additional dispute shall be adjudicated by the court of competent jurisdiction.

**2.21.3 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.

**2.21.4 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% (Not applicable for JVs) of contract value of LOA and shall be furnished before the first RA Bill becomes due for payment. In case of increase in contract value additional 5% of the 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 shall be in the prescribed formats from Consortium Bank as mentioned in clause 1.12 (i). 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 shall be released along with Final Bill after deduction of 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 redo 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 as per clause 2.6.10 of GCC
- ii) Clearance certificates where ever applicable viz. Clearance Certificates from Customer, various Statutory Authorities like Labour department, PF Authorities, Commercial Tax Department etc.
- iii) 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** The Guarantee/ defect liability Period shall be Eighteen (18) months from the date of Completion of the Facilities (or any part thereof) or twelve (12) months from the date of Operational Acceptance of the Facilities (or any part thereof), whichever first occurs. Part of facilities shall mean the corresponding facilities for each one unit of 800 MW. Common facilities shall be part of the first unit. All guarantee/ Defects Liability and Latent Defects Liability are by the Main bidder.

**"Facilities"** means the Plant and Equipment to be supplied and installed, as well as all the Installation Services to be carried out by the Contractor for the Tendered scope/ Package.

**"Completion"** means that the Facilities have been completed operationally and structurally and put in a tight and clean condition, and that all work in respect of Pre-commissioning of the Facilities has been completed; and Commissioning has been attained as per Technical Specifications.

**"Pre-commissioning"** means the testing, checking and other requirements specified in the Technical Specifications that are to be carried out by the Contractor in preparation for Commissioning.

**"Commissioning"** means operation of the Facilities by the Contractor, which operation is to be carried out by the Contractor for the purpose of carrying out Guarantee Test(s).

**"Operational Acceptance"** means the acceptance by the BHEL/ Employer of the Facilities, which

certifies the Contractor's fulfilment of the Contract in respect of Functional Guarantees of the Facilities.

- I. All replacements and repairs during the guarantee period shall be delivered and completed promptly and satisfactorily within a period of three months from the time of reporting the defect/ loss/ rejection etc. If the Seller/ Contractor so desires and the BHEL agrees, subject to import control regulations, the replaced parts can be taken over by Seller/ Contractor or his representative or can be dispatched at Seller/ Contractor's cost. No claim, whatsoever shall be entertained by BHEL on account of such replaced parts.
- II. All the replaced and replenished plant/ equipment/ stores shall also be guaranteed as per above clauses.
- III. Decision of BHEL with regard to Seller/ Contractor's liability and the amount involved, if any, payable by Seller/ Contractor under the guarantee shall be final, conclusive and binding. However, vendor's maximum liability will be limited to the total contract value including taxes, duties and freight except under the condition of breach of contract.

**The above liability shall exclude any recoveries arising out of breach of contract, 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.**

#### **2.24.2 Latent Defect Liability:**

At the end of the Defects Liability Period, the contractor's liability ceases except for latent defects. The contractor's liability for latent defects shall be limited to a period of five (5) years from the end of Defects Liability Period. For the purpose of this clause, the latent defects shall be the defects inherently lying within the material or arising out of design deficiency which do not manifest themselves during the Defects Liability Period mentioned above.

#### **2.24.3 BHEL shall release the Security Deposit 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' as per clause no. 2.6.10 of GCC
- 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 Security Deposit 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.

The offers of the bidders who are under suspension as also the offers of the bidders, who engage the services of the banned firms / principal / agents, shall be rejected. The list of banned firms is available on BHEL web site [www.bhel.com](http://www.bhel.com).

If any bidder / supplier / contractor during pre-tendering / tendering / post tendering / award / execution / post-execution stage indulges in any act, including but not limited to, mal-practices, cheating, bribery, fraud or and other misconduct or formation of cartel so as to influence the bidding process or influence the price or tampers the tendering process or acts or omits in any manner which tantamount to an offence punishable under any provision of the Indian Penal Code, 1860 or any other law in force in India, or does anything which is actionable under the Guidelines for Suspension of Business dealings, action may be taken against such bidder / supplier / contractor as per extant guidelines of the company available on [www.bhel.com](http://www.bhel.com) and / or under applicable legal provisions. Guidelines for suspension of business dealings is available in the webpage:

[http://www.bhel.com/vender\\_registration/vender.php](http://www.bhel.com/vender_registration/vender.php)

## **2.27 LIMITATION ON LIABILITY:**

Notwithstanding anything to the contrary in this Contract or LOA 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 Contract 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 Non-Disclosure Certificate:**

All drawing and technical documents or technical information whether contained in physical form or in electronic form or any oral information that is subsequently transcribed in to physical/electronic form etc. (hereinafter referred to as "Technical Information") relating to the product or it's manufacture submitted by one party to the other, prior or subsequent to the formation of contract, shall remain property of the disclosing party. Technical Information belonging to one party and received by the other party, shall be treated as Confidential Information and shall not, without the express written consent of such disclosing party, be used by the receiving party or any of its agents, employees, representatives etc., for any other purpose, other than that, for which such Technical Information was provided. Such Technical Information shall not, without the prior written consent of the disclosing party, otherwise be used or copied, reproduced, transmitted or communicated to a third party.

The Seller shall provide Buyer with all information pertaining to the delivery in so far as it could be of importance to Buyer. The Seller shall not reveal confidential information (including price) to its own employees not involved with the tender/ Contract & its execution and delivery or to third parties, or to make use of such information pertaining to any data, designs, drawings, specifications and other information furnished to it by the Buyer, unless Buyer has agreed to this in writing beforehand. The Seller shall not be entitled to use the Buyer's name in advertisements and other commercial publications without prior written permission from Buyer.

Upon completion, cancellation or termination of this order, Seller shall return to the Buyer all such data, designs drawings, specifications and other information, including copies made by Seller.

**DRAWINGS, PATTERNS & TOOLS:** All drawings, patterns & tools supplied by BHEL or made at BHEL's expense are BHEL's property. These cannot be used or referred to any other party and must only be used in the execution of BHEL's orders. These should be preserved at the seller's/contractor's cost for a period of not less than 5 years. Patterns & tools should be returned to BHEL within 90 days of issue of the same or completion of work, whichever is later.

Bidder/Seller/ Contractor shall, at all times, maintain complete confidentiality of all technical information including data, information, software, drawings & documents, etc. belonging to the Buyer and also of systems, procedures, reports, input documents, manuals, results and any other company documents discussed and/ or finalized during the course of execution of order/ contract.

The Confidentiality obligation of the Seller under this Agreement shall survive the Expiration/early termination of this contract. The above undertaking in this clause shall, however, not apply to Technical Information which:

- i. through no fault of the receiving Party, is or comes in public domain through publication or otherwise, or
- ii. the receiving Party can establish was in its possession, without any restrictions as to its disclosure at the time of its receipt, or
- iii. is subsequently lawfully acquired by the receiving Party independently of the other Party, or
- iv. receiving Party is required to disclose to comply with applicable law, rule, regulation, or court order or other compulsory process of a court or other governmental body.

If the Seller, in order to perform its Contract needs to disclose to a subcontractor or suppliers the Technical Information received from the other Party e.g. for the purpose of use, manufacture, repair, maintenance and purchase, then such first mentioned Party shall have the right to do so to the extent needed for such purpose, but shall first obtain from such subcontractor or supplier a confidentiality undertaking consistent with the provisions of this Clause and submit to BHEL for records. In case of failure of seller to ensure compliance of this clause, he seller shall be liable to compensate BHEL for any damage/ loss whatsoever suffered by BHEL as a result of breach of this clause.

## **2.29 Cartel Formation**

The Bidder declares that they will not enter into any illegal or undisclosed agreement or understanding, whether formal or informal with other Bidder(s). This applies in particular to prices, specifications, certifications, subsidiary contracts, submission or non-submission of bids or any other actions to restrict competitiveness or to introduce cartelization in the bidding process. In case, the Bidder is found having indulged in above activities, suitable action shall be taken by BHEL as per extant policies/ guidelines

## **2.30 Fraud Prevention Policy**

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.

**2.31 Order of Precedence**

In the event of any ambiguity or conflict between the contract Documents, the order of precedence shall be in the order below:

- I. Contract agreement with its Amendments
- II. Letter of Award with its Amendments
- III. Clarifications/Corrigenda/Errata etc. issued in respect of the tender documents by BHEL
- IV. Notice Inviting Tender (NIT)
- V. Price Bid
- VI. Technical Conditions of Contract (TCC)—Volume-1A
- VII. Void
- VIII. General Conditions of Contract (GCC) —Volume-1C
- IX. Forms and Procedures —Volume-1D

**2.32 OTHER ISSUES**

**2.32.1** Value of Non judicial Stamp Paper for Bank Guarantees and for Contract Agreement shall be not less than Rs 100/- unless otherwise required under relevant statutes.

**2.32.2** VOID.

**2.32.3** Unless otherwise specified in NIT, offers from consortium/ JVs shall not be considered.