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ISO 9001-2008 Company

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FOREWORD

Our company, Heavy Engineering Corporation Limited is engaged in manufacture of Heavy Machinery, Equipments and execution of turnkey projects from concept to commissioning. Procurement of materials as well as services for the above purpose constitutes a major component of cost of production/supply. The objective of Purchase as well as Service Procurement Department is to meet the requirements of the user departments just in time so that manufacture/ project work is not held up for want of materials and on the other hand unnecessary materials/services are not purchased/procured to avoid carrying cost and obsolescence etc. For this purpose, proper coordination between RPD, Planning, Indenting, Purchase and Stores department are very much necessary for smooth progress/operation of manufacturing activities.

Our organization being a Public Sector Undertaking deals with public money and has to ensure public accountability. Accordingly it is necessary to operate in a transparent and impartial manner in decision making process so that materials/components/services are procured at the most competitive price, within the scheduled delivery time without compromising on the quality. This will help the organization to meet the requirements of our customers to their satisfaction. This is all the more necessary because our company is operating in a highly competitive environment both from domestic as well as international players which puts pressure on price, quality of equipment and machinery to be supplied within the scheduled delivery time. The above has to be ensured to attract new customers as well as to retain the existing customers.

Purchase manual and Works & Service Manual are guidelines to make the decision making process consistent / transparent/ impartial and at the same time compliance of statutory guidelines. Business process is dynamic and so the social thought process, together these factors reflect in Government guidelines the Purchase Manual and Works and Service Manual have been prepared and has been approved by Board of Directors in it's 299th meeting held on 26.04.2013 and would come into force immediately.

I sincerely appreciate the efforts of the entire team involved in preparation of the Manual.

(R Misra)

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List of Abbreviations

ARS	–	Automatic Stores Replenishment
BG	–	Bank Guarantee
BM	–	Bill of Material
CAD	–	Cash Against Document
CENVAT	–	Central Value Added Tax
CIF	–	Cost Insurance and Freight
CRV	–	Certified Receipt Voucher
CS	–	Comparative Statement
CST	–	Central Sales Tax
CVC	–	Central Vigilance Commission
DAP	–	Documents for Advance Procurement
DGS&D	–	Director General of Supplies & Disposal
ED	–	Excise Duty
EMD	–	Earnest Money Deposit
EMD	–	Earnest Money Deposit
FOB	–	Free on Board
FOR	–	Free On Rail / Road
FOT	–	Free On Transport
GCCP	–	General Conditions of Contract of Purchase
HOD	–	Head of the Department
IQC	–	Inspection and Quality Control
IRR	–	Internal Rate of Return
L/C, LC	–	Letter of Credit
L1	–	Lowest Price Bid
LCNC	–	Landed Cost Net Cen vat
LME	–	London Metal Exchange
LPP	–	Last Procured Price
LTE	–	Limited Tender Enquiry
MM	–	Materials Management
MPIC	–	Material Planning & Input Control
MPR	–	Materials Purchase Requisition
NEFT	–	National Electronic Fund Transfer
NIT	–	Notice Inviting Tender
OGL	–	Open General Licence
PAC	–	Proprietary Article Certificate
PAN	–	Permanent Account Number (for Income Tax)
PO	–	Purchase Order
QCA	–	Quality Control and Assurance
R&D	–	Research and Development
ROI	–	Return on Investment
SD	–	Security Deposit
SPL	–	Stores Price Ledger
SRS	–	Stores Replenishment Slip
STE	–	Single Tender Enquiry
TC	–	Technical Committee
TC	–	Tender Committee
TCC	–	Tender Consideration Committee
TOC	–	Tender Opening Committee
TOD	–	Tender Opening Date
TSD	–	Technical Service Department
VAT	–	Value Added Tax

Chapter – 1

Introduction

1.0.0 Work / services of varied nature arise from time to time which are not viable to be executed by regular employee. In such cases, as a part of out sourcing, it may be needed to get the work done through some suitable external agency / contractor. This manual will detail the policy, procedure and guidelines to execute work through contract.

1.1.0 Scope

The procedure covers the Works / Service contracts in the areas of:

- Production / Operation / Maintenance activities
- Civil Construction & Civil maintenance
- Project / Service / Operation related jobs carried out at the customers place as a part of revenue item
- Work / Services related to Capital expenditure
- Other auxiliary service areas

1.2.0 The nodal agency for finalization of contract will be 'Contract Cell' at the plants / divisions; Marketing or Project division for works to be carried out at site; designated agency in Town Ship, Hospital and branch / site offices. Executing / beneficiary department shall initiate the proposal and will be responsible for actual assessment / quantification of the work done by the contractor.

1.2.1 In the subsequent part 'Contract Cell' term used to represent all such nodal agency responsible for finalization of a contract.

1.3.0 Under the following conditions a Works contract will be preferred:

- Work under subject is not a regular nature of job, so regular man power is not provided for this.
- The existing regular man power in the executing department is not adequate to carry out the job.
- Low skill jobs or the skill involved for the job is not available in house; or it is more economical to get the job done through contract.
- The tools, tackles and expertise not available in house.
- The time or / and volume of requirement is such that the existing regular employee will not be able to complete within specified time.

Chapter – 2

Work Planning & Budget Provision

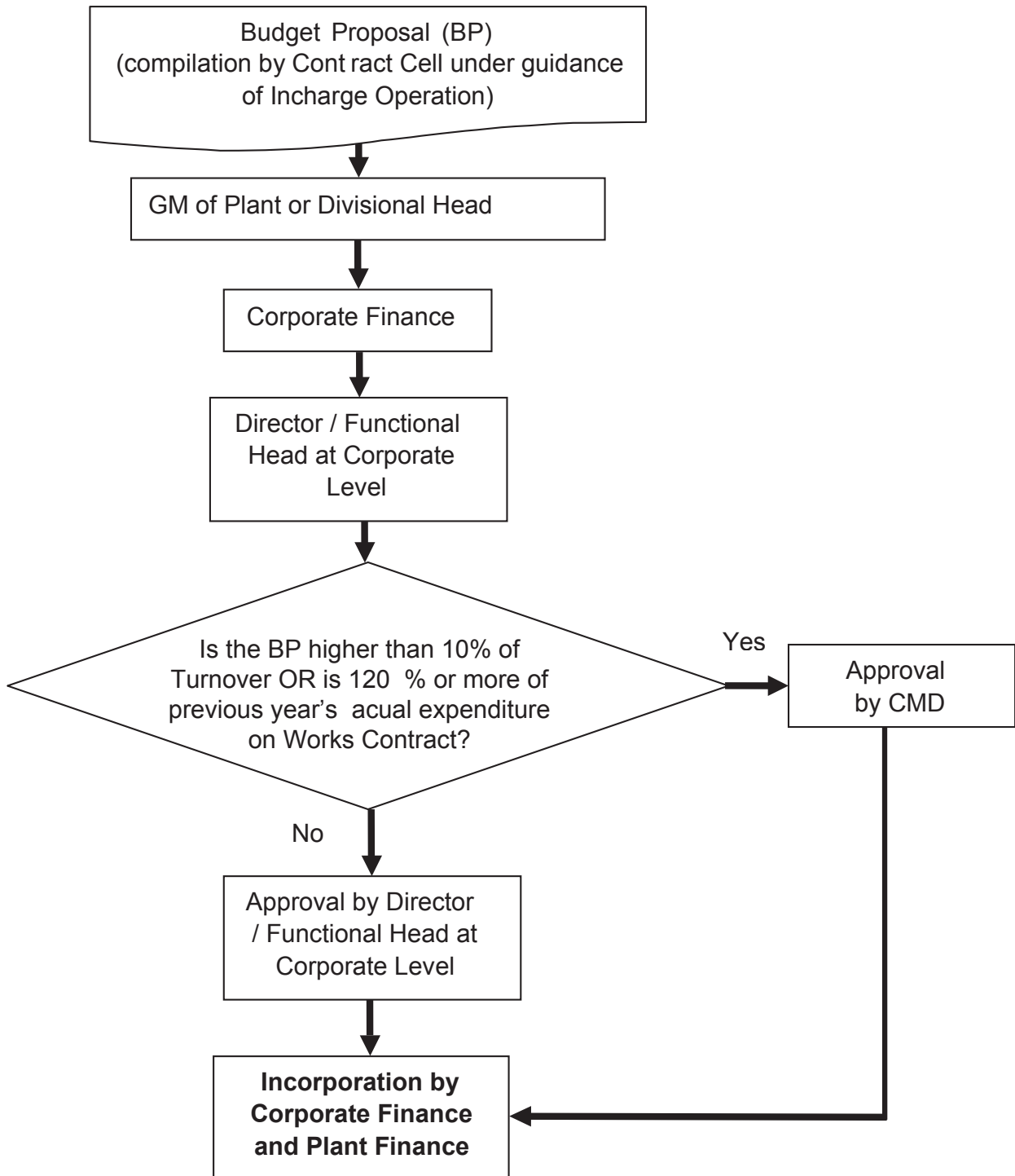
2.0.0 Before the beginning of financial year (at the time of preparing Budget Estimate for Production, Sales etc.), with the initiative of Contract cell, under the guidance of Incharge Operation of each plant / divisional incharge shall prepare a list of works intended to be executed through works contract during the coming financial year, mentioning estimated value (tentative) against each item. The budget should include a brief description of work with a gross quantification of work. A comparison of previous year's actual expenditure (or likely expenditure) may be mentioned against each item / category and a justification of variance (if any) also to be indicated. The budget estimate should draw a relationship with the gross operating parameters like production, sales etc. to the extent possible. The Yearly Budget Estimate so prepared should be tabulated shop / department wise - item wise and over & above the total budget, a provision of 5% shall be kept for any such work that may be required to be taken up during the course of year.

2.1.0 GM of respective plants / divisions shall endorse the Budget estimation and send it to Corporate Finance for vetting. Subsequently, the Budget estimation shall be put-up to respective functional head at Corporate level for approval. [Functional head at Corporate level : Director (Production), Director (Personnel), Director (Marketing) or the executive looking after the respective coordinating function or acting as functional chief]. The functional Directors / heads after considering overall scenario at corporate level shall approve the budget and send to Corporate Finance for incorporation. A copy of the approved budget will be sent to respective GMs / divisional heads. (Copy of the same to be made available to respective Plant Finance and Contract cells).

In case the Budget estimation is more than 10% of the turnover of the unit or equal or more than 20% over previous year's actual expenditure, the Budget estimate to be approved by CMD.

2.2.0 Subsequently, individual executing / user / beneficiary departments to raise detailed proposal and estimate for outsourcing the service. Proposal for fresh requirement (not included in the annual works contract budget) can also be raised during the course of the year (within plant's / division's total budget allocation) with approval of GM. Proposal should be routed through Contract cell, Plant Finance, GM of the plant. After approval of GM of the Plant, respective Plant Finance Departments will incorporate the same in the budget. In case if due to such fresh proposals, the total annual budget allocation for the plant exceeds, approval of Director / functional heads at corporate level to be taken and proper incorporation in the budget of Corporate Finance to be made.

Flow Chart showing Budget Approval for a year



- 2.2.1 However, works contract related to execution of work by marketing / service / project division forms part of sales order. If the prospective expenditures have already taken into consideration in the marketing estimation, the budget allocation for the same need not be reflected in Works Budget. Individual sanctions will be taken as per the orders to be executed.

- 2.3.0 Works, projects and service expenditures related to expansion of plant facility, incorporation of new equipments / facilities etc. treated as **Capital Expenditure items (Capex)**. Budget for Works Contract for Capex items to be indicated under separate head. Details report showing financial viability (pay back period, IRR etc.) is to form part of the proposal and work can be started after approval of competent authority and allocation of fund as per Capex Schemes.
- 2.3.1 All other works related to Operational & Maintenance need of plants / divisions, Project execution at site, erection & fabrication work at site, maintenance related activities of town ship, hospital etc. shall be treated as **Revenue Budget** items.

Chapter – 3

Works Proposal

- 3.0.0 The user / beneficiary / executing department shall raise requirement of services and make the detailed proposal quantifying the volume of work.
- 3.1.0 The proposal should contain the following elements:
- a) Name / brief description of the work.
 - b) **Volume of the work in quantifiable terms** and parameters determining the quality of the work. (like Cubic Meter of bulk material / earth to be transported, measure of concrete structure to be build, number of tons of structure to be erected etc. ; in certain cases the work quantification in physical terms may need to be broken down in several components)
 - c) **Justification** / reason for getting it done through contract.
 - d) **Quantification of Work** in physical terms. Assessment of the Work in terms of:
 - **Manpower required and nature of manpower (category wise man days).**
 - i. For civil related works like, construction of building, sheds, roads etc., HEC schedules ('Analysis of rates for general building and road works at Ranchi' – 1972) are available which can help in quantifying the work and arrive at required man-days / man-hours. Help can also be taken from similar schedules available with CPWD and Govt. of Jharkhand for estimation purpose.
 - ii. Civil & Structural Hand books for structural fabrication, civil work etc.
 - iii. For other type of works, experience and related data in the departments can form the basis of Work Quantification.
 - **Materials** required: quantity & quality (with full specification). Sources can be:
 - i. Civil & Structural Hand books
 - ii. Calculations based on previous data available with department.
 - iii. CPWD schedule.
 - e) **Estimation** of the work based on above assessment.
 - f) **Basis of rates**, value taken for calculating the above estimate.
 - Manpower Rate: to be calculated as per Minimum Wage act. 1948; State Government's notification may be taken as base to ascertain trade wise wage. Over and above, provision of CPF remittances, bonus, medical

allowance and any other decision taken by the corporation will have to be taken into consideration while fixing wage rate.

i. In the cases where the rates of required trades do not appear in the state government's list, the same to be determined by a committee duly constituted. Usually after every revision of labour rates by state government, the committee shall review the rates. It may be more practical to link the uncommon trade's labour rates with commonly available rates with suitable factors.

- **Material Rate:**

i. Last Procured rate with reasonable modification.

ii. Budgeted offer

iii. Market rates as published in newspapers, bulletins, internet etc.

iv. CPWD / Govt. of Jharkhand from time to time notify the rates of commonly used construction material which can be used for estimation purpose.

g) Schedule of work: a tentative plan for starting and completion of the work with the milestone dates in between.

h) Ways & means to measure the work done and ascertaining the quality of the job.

i) A declaration that contracting out will not lead to non-utilisation / under utilisation of existing man power and material.

j) If similar work has been done earlier, detail reference to be mentioned including name of contractor, value / rate, quality of work, delay if any, user's satisfaction level etc.

k) Qualifying criteria for selection of the tenderer.

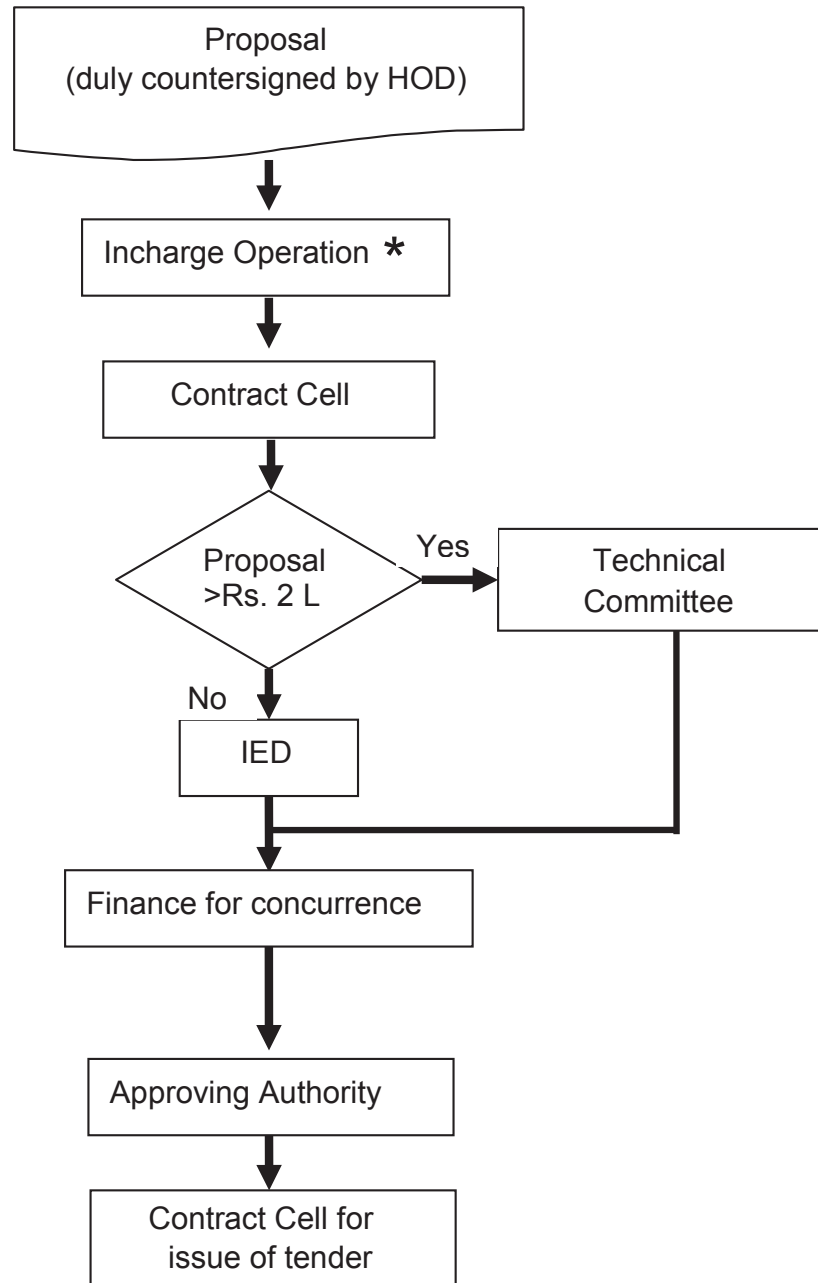
3.2.0 Proposal should be countersigned by head of the executing department and forwarded to the Contract Cell of the plant / division through proper channel (through incharge Operation of the plant in case of operational matter).

3.2.1 Contract cell after registering (in indent register / data base) the proposal shall get the same verified by IED (for quantum of work and proposed requirement of man-days and material). For higher value of contract (above Rs. 2 Lakh) in place of IED, the proposed quantum of work should be checked by a committee of technical team (representative of IED, executing department and one member from any other department as suggested by Contract Cell). Any correction / modification, if required, shall be made accordingly in the proposal.

3.2.2 After clearance of IED or Technical team the proposal will be sent to Finance Department for financial concurrence. Finance will check the estimates and after

concurring, shall send the proposal to Contract cell. Contract cell shall incorporate the estimate in the Works Contract Budget as additional information for reference.

Flow Chart for approval of a proposal



* Operation / Production incharge in case of Operation; Depending on area of application it may be interpreted as Incharge Marketing, Incharge Project Division, Chief of Township etc.

- 3.2.3 For proposals raised during the current financial year, after due approval, the proposed amount will be incorporated in the budget by Finance Department. Clarifications, if any regarding any proposal, may be obtained from concerned department by finance before forwarding the proposal to the Approving Authority.

- 3.2.4 Approving authority, after reviewing the proposal will accord administrative approval for processing and mark the Proposal to Contract Cell of the plant / division.
- 3.3.0 No work to be started before obtaining administrative approval except in the following circumstances & conditions:
- For safety reasons, urgent statutory requirement or any technical / other binding reasons for which the work needed to be started in shortest possible time to be placed based on single offer or limited offer on immediate response basis.
- 3.3.1 No detailed estimate and financial concurrence required for recorded reasons; subject to :
- Details of costs works to be properly maintained for post audit check.
 - Urgency certificate by head of executing department and approved by GM.
- 3.3.2 For any new type of work (or in case where similar work has not been done for the last three years) administrative approval of CMD to be taken irrespective of the value of the proposed order before issuing tender. However cases of urgency as detailed in 3.3.1. shall not be covered under this clause; only a note of information may be put-up to CMD.
- 3.4.0 **Estimate**
- 3.4.1 Finance should check the proposal containing detail estimate supported by the following documents:
- a) Title sheet
 - b) Justification of the rate. Details how the rates have been arrived at (with documentary evidence)
 - c) Drawing / plan / schematic diagram (if relevant for estimation purpose)
 - d) Schedule of material
 - e) Techno-Commercial report justifying expenditure
- 3.4.2 **Justification:** The report should state in clear terms the objectives to be gained by the execution of the work, the financial justification of the proposed expenditure and any other particulars requiring elucidation. It should also state the extent of recurring expenditure in future, if any, consequent to the execution of the work.
- 3.4.3 **Rates:** an abstract of the estimate is also to be prepared. The reference to schedule item is quoted where the rates as per HEC Schedules have to be taken. In respect of non scheduled items a details analysis showing the manner in which the rates have been arrived at is given. Where the market rates have been taken for cost of materials included in the estimate, a certificate to the effect that the rates have specially been ascertained from the market to be included. Sources of Market

Rates can be : Budgetary offers, LPP from Materials Management Department, news paper cuttings about market rates of various commodities regularly published in news papers etc.

- 3.4.4 **Contingency** : Estimation should include 3% of the total estimated value as provision for contingency.
- 3.4.5 **Register of Estimation**: A register of estimate shall be maintained in the Contract Cell and the estimates processed shall be serially numbered year wise for easy linkage / reference and monitoring purpose. (The register may be replaced by a data base on computer)
- 3.4.6 For major work (valued more than Rs. 50 L) the proposal should be preferably accompanied by PERT / CPM or BAR CHART to indicate the time schedule of various activities and schedule of expenditure / out flow.

Chapter – 4

Tender Enquiry

- 4.0.0 The nodal agency for finalization of contract will be '**Contract Cell**' at the plants or divisional levels for all production and operational matters. In case of site work at customer's end or execution of project (or part of it), the agency will be Marketing Department or Project Division or specifically designated Group. In the subsequent part 'Contract Cell' term used to represent all such nodal agency responsible for finalization of a contract.
- 4.1.0 Contract cell shall scrutinize the proposal, estimate, remarks and decide mode of tendering based on:
- Nature of work;
 - If similar work executed earlier by the plant or sister plants / divisions.
 - Value of the work.
 - Availability of reputed registered contractors.
 - Capability and technology used by other contractors (non registered).
- 4.1.1 Tendering has been identified as the most effective method for getting competitive price offer, maintaining transparency and to give equal opportunity to all interested & qualified bidders in that category.
- 4.1.2. Following are the recommended mode of tendering:
- Open Tender
 - Limited Tender
 - Single Tender
- 4.2.0 **Open Tender** : This is the procedure of tendering where tenders are invited from the parties under a given set of terms and conditions regarding their past experiences, present status and credibility and other conditions which may be included in the NIT (Notice Inviting Tender) for a particular tender depending upon requirement of work.
- 4.2.1 A minimum time of publicity under this category should be 30 days (tender notice date to date of tender submission). To avoid ambiguity tender number and date shall compulsorily be mentioned in all publications and tender date shall be taken as reference. However, for recorded reasons of urgency the time allowed for circulation can be reduced to 15 days.
- 4.2.2 All the open tender notices should compulsorily be placed on the notice boards of all the plants, Head quarters and other divisions. All tenders to be placed in Company's website so that prospective bidders can down load to participate in the

tender process. In addition to the company website, the tenders to be placed at Central Public Procurement (CPP) portal as per Government guidelines (or refer to the prevailing guidelines)

For estimated value of above Rs.5 Lakh and below Rs.10 Lakh to be advertised in at least 2 local dailies.

For estimated value of Rs.10 Lakh and above, the tender notification to be published atleast in one National daily in addition to the local dailies as mentioned above.

All the advertisements published in news paper should have reference of website for details information.

- 4.2.3 For estimated value of work of Rs. 5 lakh or more, Open tender mode should be preferred.
- 4.3.0 **Limited tender:** In case of very specialized nature of work / very urgent work with strict time frame and stringent quality requirement, limited tender amongst the registered contractors / known agencies of repute may be invited with the approval of competent authority as per Delegation of power. Limited tender for value exceeding Rs.5 Lakh should be resorted to only very exceptional cases after carefully recording the reasons in details.
- 4.3.1 Generally 15 days time will be given from the date of tender under normal circumstance but can be shortened depending on urgency (reason to be recorded) and ensuring that all the targeted contractors have received the communication. In normal case communication will be sent by registered post / under certificate of posting / fax/ e-mail.
- 4.4.0 **Single Tender :** only in exceptional circumstance like : emergency / unavoidable condition this mode of tendering to be used with recorded reason. Normally single tender mode to be applied for estimated value not more than Rs. 1 lakh, however, for higher value also this mode of tendering can be applied with proper justification and approval as per delegation of power.
- 4.5.0 For Limited and Single Tenders, tender papers to be given to the respective parties free of cost. NIT need not be displayed on the Notice board but to be uploaded on web page of the company.
- 4.6.0 **Tender Notice**
- 4.6.1 All the terms, conditions, qualifying criteria, stipulations and information to be incorporated in the bidding document systematically arranged under the following heads:
- Instruction to the bidder
 - Condition of contact
 - Schedule of requirement
 - Specification and allied technical documents

- Price schedule (format)
- Contract form if applicable

Other standard formats (BG format, integrity pact format etc.)

4.7.0 **Preparation of Tender Papers:** Tender papers are the most vital documents for execution of work through outside agencies and discrepancies in the tender document may lead to serious repercussion in the tender finalisation & execution of work. Therefore tender documents to be carefully prepared with close scrutiny.

4.7.1 The following shall constitute the tender papers / documents:

- a) Eligibility and Qualifying Criteria in details.
- b) Date, time and place of submission of offer.
- c) Date, time and place of opening of bids.
- d) Description of work in details with clearly defined scope of work & responsibility
 - i. Specifications: quantity and quality requirement of the work
 - ii. Related drawings, plans, sketches, if any
 - iii. Duration of completion
 - iv. Method of quality and quantity measurement.
- e) Instruction for quoting price (enclose format if any)
- f) Taxes & duties applicable
- g) Schedule of deviations (to be filled in by the contractor)
- h) Requirement and mode of depositing Earnest Money.
- i) Payment terms
- j) Inspection
- k) Security Deposit
- l) Liquidated damage
- m) Early completion bonus, if any.
- n) Escalation
- o) General Terms and Conditions.
- p) Additional Terms and Conditions, if any
- q) Dispute resolving and arbitration

4.8.0 **Eligibility Criteria:** The required eligibility criteria to be clearly defined in the tender papers / tender notice. Some of the common criteria used are:

- a) Experience of similar work executed during the last five years (or desired

period which may differ from case to case); details like value, clients to be mentioned by the contractor enclosing documentary evidence.

- b) Registration with HEC, or any other Government / semi Government organization / agencies. Exact requirement to be mentioned while documenting the tender papers. Contractor to furnish copy of the registration along with the offer.
- c) Documentary evidence of adequate financial standing.
- d) Labour license – copy may be asked to be attached with the offer.
- e) Permanent Account Number (PAN) of Income Tax Department in the name of the firm, Service Tax Registration number, VAT registration number etc.

4.9.0 **Qualification Criteria:** Some of the common criteria which can be suitably framed, are:

- a) Constitution and **legal status of the contractor** (individual, partnership, co-operative society, registered firm etc.); existence of joint-venture or other tie-ups for technology, equipment, financial backing and / or project management.
- b) **Registration** with specified agencies.
- c) **Financial standing.** Documents may be asked for : certified by bank, audited profit & loss account, balance sheet, annual turnover, access to adequate working capital.
- d) Construction equipment (or necessary equipment / facilities for the particular job under subject) to be deployed for the project and proof of its availability; equipment proposed to be purchased or leased.
- e) Availability of key personnel for supervision & management of the work or project.
- f) Information regarding project in hand, current litigation, orders regarding execution / expulsion or black listing, if any.
- g) Capacity of contractor to take up a new work / project under consideration in addition to his present commitment.

4.10.0 **Instruction for quoting price :** Providing a format for filling up price is a better practice which makes evaluation simpler and unambiguous. All short duration contracts upto 24 months should be on firm price basis and should not subject to any deviation or escalation. However, only statutory variations related to minimum wage act, duties and taxes are to be permitted. Price / rates should be quoted both in figures and words.

4.10.1 **Escalation:** For longer duration contract or cases where price may be accepted with escalation clause, the same to be mentioned in NIT itself. Elements of escalation with appropriate formula to be mentioned clearly defining the base price consideration and evaluation criteria.

Necessary instruction should be given so that the quoted rates are understood & evaluated clearly.

Escalation should be calculated based on:

- Notified minimum wage
- Price index related to cement, steel etc. as specified in NIT.

4.10.2 Time of completion of the project / work (to be filled in by the contractor).

4.10.3 **Taxes & duties:** The tender paper to contain clear instruction that, all statutory taxes & duties to be born by the contractor. Quoted price / rate shall have break-up of these elements. Statements like 'inclusive of taxes' or 'taxes and duties extra' will not be acceptable.

4.10.4 It should be clearly mentioned in the tender paper that conditional rates / price will not be considered and such offers will be rejected.

4.10.5 All the loading factors for evaluating the bids should be disclosed and mentioned in the NIT.

4.11.0 **Schedule of deviations:** If for any reason the contractor foresee that the work can not be completed as per the furnished work description or there are better alternative and cost effective methods to fulfil the end objective of the work, the contractor may mention the deviations in the work / procedure / part specification.

4.12.0. Earnest Money :

It should be clearly mentioned on the tender paper that offers without Earnest Money will be summarily rejected.

4.12.1 No interest shall be payable for Earnest Money Deposit.

4.12.2 The contractor should submit Earnest Money in the form of:

- Demand Draft (DD)
- Cash receipt.
- Bank Guarantee (BG)

DD should be drawn on any schedule bank in favour of 'Heavy Engineering Corporation Ltd.' with a validity not less than three months or as specified in NIT.

Estimated Value		
Above	Up to	EMD
(Rs. Lakh)	(Rs. Lakh)	(Rs)
0	1	Nil
1	10	5000
10	25	30000
25	50	70000

50	75	100000
75	100	150000
100	250	300000
250	500	750000

For Estimated value above Rs. 500 Lakh, EMD value (in Rs. Lakh) = $7.5 + (\text{Estimated value in Rs. Lakh} - 500) \times 1\%$, rounded off to nearest ten thousand.

- 4.12.3 Earnest money of the unsuccessful bidders will be refunded immediately after finalization of the contract on receiving a written request from the bidders.
- 4.12.4 For the successful tenderer, the Earnest Money will be converted to Security Deposit.
- 4.12.5 No interest shall be payable on Earnest Money and Security Deposit.
- 4.12.6 Exemption from deposition of Earnest Money and Security Deposit for Small Scale Industries (SSI) or any other category will be guided as per prevailing Government guidelines on production of documentary evidence in its support.
- 4.13.0 Payment terms** to be clearly mentioned by the contractors and this will be an important criteria for evaluation of the tender; instruction in this regard shall have mention in the Tender papers.
- 4.14.0 Mobilisation advance :**
- a) Mobilization advance if any to be given should be expressively stated in the NIT indicating the amount, rate of interest and submission of BG (equivalent to atleast 110% of mobilization advance), recovery schedule etc.
 - b) Mobilization advance should not be paid in less than two instalments except in special circumstances for the reasons to be recorded.
 - c) In specific cases interest free mobilization advance may be considered for justified reasons and with approval of appropriate authority. Decision to stipulate free mobilization advance in the tender document should rest at the level of Board of Directors (with concurred in by Finance). However in case of interest bearing mobilization advance it should be guided by delegation of power.
 - d) Incase of interest free mobilization advance, recovery should be time based and not linked with progress of work.
 - e) Part BGs against the mobilization advance should be taken in as many numbers as the proposed recovery instalments and should be equivalent to the amount of each instalments.
 - f) There should be clear stipulation of interest to be charged on delayed recovery either due to the late submission of Bill by the contractor or any other reasons

besides the reason given rise to encashment of BG

- g) Utilization certificate from the contractor for the mobilization advance should be obtained.
- h) A clause in NIT and in contract document providing for interest free mobilization advances may be stipulated that if the contract is terminated due to default of the contractor the mobilization advance would be deemed as interest being advance at an interest rate of ____ % (to be stipulated depending on the prevailing interest rate at the time of issue of NIT) to be compounded quarterly.

4.15.0 **Security Deposit** - shall be 10 % of the contract value.

Earnest Money of the successful bidder will be converted to Security Deposit. The remaining Security Deposit should be collected by deduction from the running bills of the contractor in a proportionate manner subject to a maximum of 5% of the contract value from each bill.

In the cases where post execution **Performance Guarantee** (normally 10% of contract value) is envisaged that the security deposit will be converted to Performance Guarantee after completion of work. Payment of the retained money can be made on submission of Bank Guarantee for equivalent amount.

The Performance Guarantee criteria and time period will be specified in NIT.

Security Deposit should be refunded within 14 days of issue of the completion / commissioning certificate against a request from contractor and submission of no-claim certificate from the respective engineer / executing executive.

Performance Guarantee should be refunded within 14 days of issue of the successful completion of performance test (as criteria defined in the document) against a request from contractor and submission of no-claim certificate from the respective engineer / executing executive.

4.16.0 **Liquidated Damage:** Tender papers should have mention about applicability of liquidated damage (LD) clause. In case of delay in completion of the work / project, LD to be levied at the rate of ½ % of the unfinished part per week of delay, subject to maximum deduction of 10% of the contract price. In case of project type of work benefit of which can be derived only after complete execution, LD shall be levied on total contract value.

4.17.0 **Incentives** / Early completion bonus (Optional): In case it is substantially beneficial in financial terms to complete the work / project early, (before estimated / stipulated time,) an incentive amount at the rate of half percent (0.5 %) of the contract value per week of early completion, subject to a maximum of five percent of the contract price may be paid to the contractor. The incentive / bonus would be applicable in time-critical project / works only. The actual amount of incentive will depend on particular project. The cost benefit to be analyzed critically in view of overall work / project completion prior to including such clause.

4.18.0 **General Condition of contract:** will be available in the web site of the company and reference should be included in the tender paper for downloading them.

4.19.0 **Application fee for tender Papers:**

The tender documents to be issued on payment of application fee as given below:

For estimated value up to Rs. 2 Lakh	Rs. 100
For estimated value above Rs. 2 and up to Rs. 10 Lakh	Rs. 250
For estimated value above Rs. 10 and up to Rs. 25 Lakh	Rs. 500
For estimated value above Rs. 25 and up to Rs. 50 Lakh	Rs. 1,000
For estimated value above Rs. 50 and up to Rs. 1 crore	Rs. 2,000
For estimated value above Rs. 1 crore and up to Rs. 2 crore	Rs. 5,000
For estimated value above Rs. 2 crore and up to Rs. 5 crore	Rs. 7,500
For estimated value above Rs. 5 crore	Rs. 10,000

4.19.1 Tender documents are not transferable. While issuing tender document name of tenderer to be written on the tender paper by the issuing authority and a register will be maintained indicating serial number of the tender paper and the name of the agency to whom it has been issued.

4.19.2 Tender document fee can be deposited by DD (in favour of Heavy Engineering Corporation Ltd.) or by cash receipt.

4.20.0 **Invitation of Tender:** The following methods for calling tenders shall be adopted:

- Single Part Tender
- Two Part / Three Part Tender
- Pre-qualification bid and then followed by single / two part tendering.

4.20.1 In two part tendering, Part-1 tender will comprise of Techno – Commercial offer covering all terms and conditions except the price. Earnest Money (DD / Cash Receipt) to be included in Part-1.

4.20.2 In a three bid tendering, Part-1 will be Qualifying part; Part-2 will be Technical & commercial; Part-3 Price bid.

4.21.0 **Receipt & Opening of offer**

Tender opening date should be fixed within three days of last date of bid submission. (pre defined date, time and place as mentioned in NIT and Tender papers)

4.21.1 The following shall be recognized methods of receiving tenders:

- through Tender Box
- by post
- by Courier Service
- electronic mode as in e-tender

4.21.2 Tenders received by post / courier / e-mail shall be considered as valid if these are received within due date and time. In case of courier service, date and time of receipt may be mentioned on the envelope and got certified by the delivery agency. Late tenders are not to be considered and opened.

Tender received through e-mail should have provision to duly protect through password the opening of the tender (attached document) before the tender opening time. In case of different part of the bids, they may be with different attachment or e-mail.

In case of LTE, tender paper sold to one agency and submitted by another firm without documentary evidence of relationship between the firms, in that case the tender shall be treated as unsolicited tender. Unsolicited tenders shall not be considered.

However, if the firm has downloaded the tender from web site and prepared the Bank DD against EMD on or before the date of closing of sale of bid document, it will be valid and can submit the tender along with the tender document fee.

4.21.3 Tenders to be opened by Tender Opening Committee (TOC) as decided by Incharge Contract Cell (name of Finance representative will be nominated by Chief of Finance of the plant / division). The Committee should include one executive from finance and one executive from Contract Cell.

4.21.4 Tenders should be opened by TOC on pre-determined date,. If a member is absent, a substitute member from that department will act on his behalf and to be recorded in the file. To the extent possible, Tender Opening should not be postponed. Change in bid submission date / opening date for any unavoidable reason should be notified using the same medium through which it was notified earlier.

4.21.5 The rates entered in each tender in words and figures will be circled in red / prominent ink and attested by the TOC members. In case of ambiguity, the value written in words to be considered and to avoid further alteration it should be recorded by TOC.

In the price bid if the amount is derived after multiplying rate and quantity wrongly, the value written by mistake or after doing proper calculation whichever is lower to be considered.

In case of two part / three part bid, price bid will be opened only after technical suitability and finalisation of commercial points.

Any rebate offered whatever should be enclosed with in the bid and no separate letter in this regard shall be entertained.

Summary of corrections / over writings / additions etc. should be marked on each page of the price bid.

4.21.6 Tenderers who desire to be present at the opening of tender should be permitted to be present. The name of each tenderer and price quoted along with other details

like rebates / discounts, exclusion / inclusions should be recorded on a paper which should be signed by bidders' representative present.

- 4.21.7 As a summary report, the TOC should record the total number of tenders received, firms / agency's name, whether earnest money included or not etc.
- 4.21.8 In case tender received from only from three or less number of parties on tender opening date against Open Tender or 30% of the firms or less (but not single offer) to whom Limited Tender was issued (or the number of tenders received are considered much lower than the expected numbers) and it appears that proper competitive situation will not be arrived at, the tender should not be opened and the tender opening date to be suitably extended. Such extensions of dates should not be more than 3 times. However, on urgency (recorded reason) even on receipt of one sealed offer, the tender may be opened with approval of competent authority (not below GM and all other subsequent procedure to deal the case shall be like Single tender offer).
- 4.21.9 Offers received against Single Tender Enquiry can be opened before or after the tender opening date.
- 4.21.10 Each quotation must be numbered as Y/X where Y will be running serial number of the quotation, X will be the total number of quotations received.
- 4.21.11 Retendering to be resorted to under the following circumstances:
- a) If the specification undergoes substantial change after publication of tender notice.
 - b) If an attempt of cartelisation by the bidders is suspected.
 - c) If the L1 party withdraws from the tender process after opening of price bid.
- 4.22.0 After necessary arrangement and approval, Integrity Pact will be implemented in the corporation for procurement and works contract and the effective date of implementation of Integrity pact will be notified. Once the Integrity pact is introduced the following clause to be followed:

For all contracts / procurements of estimated value Rs. 5 crores (threshold value) or above, the tender document should have provision of incorporation of Integrity pact. The format of Integrity pact (Annex – 5) should be a part of tender document. Bidders shall be instructed to submit duly filled in Integrity pact along with the bid (Part – 1, wherever applicable) without which the bid shall not be considered for further evaluation.

Chapter - 5

Analysis and evaluation

- 5.0.0 Technical suitability of the offers will be scrutinized before opening the price bids in case of two / three bid offers. In case of single bid offers also technical & commercial suitability to be completed before tabulating the price bids. Price bids of only technically and commercially acceptable offers to be tabulated.
- 5.0.1 Normally within 48 hours of opening of the bids, the executing department shall study the offers and will provide clear-cut and unconditional recommendations about the technical suitability of the offers. Sufficient and justifiable reasons should be recorded in the event any offer is being rejected as 'technically unsuitable'. Technical comments should be given on all the offers received against a particular tender. In case of man power service of low skill nature, this step may be skipped.
- 5.0.2 A price Comparative Statement (CS) of all technically suitable offers shall be prepared by Contracts Cell. The Comparative statement shall indicate the commercial conditions and prices (break-up if any), rebates if any, taxes and extra charges if applicable. CS to be checked & countersigned by representative of Finance department.
- 5.0.3 All the commercial and technical parameters should be carefully evaluated and suitable loading factors to be introduced in arriving at comparable cost. This type of loading / evaluating factors should be decided before NIT and to be incorporated in the NIT as far as possible. But no fresh evaluating criteria should be introduced after opening of price bid. The comparative assessment of the offers in the true sense would be complete only if it is made on equal footing taking into account the financial implications for deviations / variations of each bids.
- 5.0.4 Based on evaluated price the firms for the specific tender may be ranked as L1, L2, L3 in increasing order of evaluated price. If the evaluation criteria are not pre defined this will be done at the time of preparing Comparative Statement.
- 5.1.0 **Tender Committee :**
- 5.1.1 A Tender Committee (TC) will be constituted by approval of competent authority to go in details of tender proceedings, analyze the bids as per the actual need of the company; evaluate the bids considering all technical, commercial and financial aspects thoroughly.
- Tender Committee may also ask clarification from tenderers or from any concerned department for taking proper decision.
- If negotiation necessary, TC will negotiate with L1 firm only (ref. Clause 5.2.2).
- TC will recommend the most appropriate decision keeping in view of the overall interest of the company.

The role of tender committee will be:

- a) to assess / judge / scrutinize the:
 - i. Suitability of the offers in terms of their technical soundness for the contract for works / services to which the tender relates on the basis of technical data.
 - ii. Past performance.
 - iii. Bidder's financial statement of accounts including tax assessment etc.
 - iv. Whether the tenderer fulfil all the qualifying requirements.
 - v. To deliberate on techno-commercial aspects to bring all the tenderers at comparable level.
 - vi. To ensure that offers have been technically and commercially loaded in respect of various factors mentioned in the tender enquiry.
 - vii. To comment on:
 - Deviation on specifications, drawings
 - Special instruction / criteria imposed by tenderer
 - Specifying clearly whether modification etc. are acceptable
 - Scope of work, if changed, will necessitate calling of fresh tender
 - viii. To clarify that tendering process as per the set policy and guidelines has been followed.
 - ix. The tender committee should also state in the recommendation whether the prices are reasonable and commitments are within approved budget.
- b) The responsibility of the individual members of Tender committee will be confined to their specific area / function with collective responsibility for the final recommendation.
- c) Tender committee will also conduct negotiations, if required. No negotiation shall be conducted with contractors by a single individual. All the proceedings of the committee must be recorded.

5.1.2 **Constitution of Tender Committee:** TC will be comprised of with representatives from executing department / department initiating the proposal, Finance Department and contract cell (convener). The senior most member will act as Chairman of TC. Apart from the executives as mentioned, the Chairman of the Tender Committee may co-opt for executives from other departments if considered necessary. The dealing officer of contract cell would function as Convener. All members present in the TC would sign the tender committee minutes including the convener.

5.1.3 For Tenders of value exceeding Rs.100 lakhs, the formation of Tender Committee would be approved by the Chairman Cum Managing Director who will also nominate his representative in the TC.

Executive level as Chairman of TC		Tender Value upto
a)	Dy. Manager	Rs. 50,000
b)	Manager	Rs. 1 Lakh
c)	Sr. Manager	Rs. 5 Lakh
d)	SDGM	Rs. 20 Lakh
e)	GM	Rs. 50 Lakh
f)	GGM	Rs. 80 Lakh
g)	Director	Above Rs. 80 Lakh

5.1.4 Works contract should be finalised based on the techno-commercially suitable and with lowest price. TC shall forward the recommendation to the approving authority (as per delegation of power).

No split in the proposed work to bring down the approval level for issuing work order shall be recommended by TC.

5.2.0 **Negotiation**

5.2.1 Tender Committee shall satisfy themselves regarding the reasonableness of the prices.

5.2.2 Post tender negotiations should not be resorted to as a matter of routine, and as far as possible should be discouraged. However, if necessary, negotiations with only L1 can be held in certain exceptional circumstances like procurement of proprietary items / against STI, with limited source of supply and items where there is suspicion of a cartel formation. The justification and details of such negotiations should be duly recorded and documented.

Competent authority should exercise due diligence while accepting a tender or ordering negotiations or calling for a re-tender and a definite timeframe should be indicated so that the time taken for according requisite approvals for the entire process of award of tenders does not exceed one month from the date of submission of recommendations. In cases where the proposal is to be approved at higher levels, a maximum of 15 days should be assigned for clearance at each level. In no case should the overall timeframe exceed the validity period of the tender and it should be ensured that tenders are invariably finalised within their validity period.

5.2.3 After the negotiations, the committee conducting the negotiation should record the proceedings including revised prices and revised comparative statement thereof. The tender committee would recommend the proposal for approval.

5.2.4 Any major changes in the terms and conditions and specifications laid down in the Tender Enquiry should not be changed at this stage. In case such change is unavoidable fresh tender to be invited.

5.2.5 In case L-1 bidder backs-out, there should be a re-tender.

Chapter - 6

Order Placement & Agreement

6.1.0 Administrative approval

6.1.1 The recommendation of TC will be forwarded to the approving authority (as per delegation of power) through Finance Department (for concurrence). For value of contract less than Rs.1 lakh, signature of finance representative will itself be treated as financial concurrence and it need not be again sent to Finance Department again.

6.2.0 Award of Contract

6.2.1 After getting administrative approval, Work Order will be awarded in favour of the firm / agency the terms and conditions be framed.

6.2.2 The successful tenderer will be informed of the acceptance of the tender and asked to sign an agreement in this respect.

6.3.0 **Tender acceptance Letter (Work order):** A unique number to be assigned by Contract Cell as the Work Order Number for all future references related to the assigned work. A register / data base on computer to be maintained at Contract cell where entry will be made while issuing Works Order. Tender acceptance letter to include detail scope of work, time schedule, quality criteria & mode of inspection & measurement of work, rate of payment, terms of payment, Special conditions (if any), contract termination clauses, Responsibility of the contractor.

6.3.1 The scope of work to be detailed considering: the original offer and subsequent clarifications, discussions, negotiations, TC noting and administrative approval. Proper care is to be taken in framing scope of work.

The following points should have mention in the Order :

- a) Validity of the Contract
- b) Date of commencement.
- c) Rate (may be included in scope of work against each work component)
- d) Inspection conditions
- e) Payment terms
- f) Paying authority
- g) Earnest money deposited will be converted to part of Security Deposit and remaining will be deducted from the running bills. Rate of deduction to be mentioned. (in case of 12 month period @10% of running bills can be taken as normal practice).
- h) Refund of Security Deposit
- i) Performance Guarantee

- j) Providing material from department. Whether the contractor himself to procure material required or the materials to be provided by the department concerned to be indicated. If materials intended to be provided, details of materials to be indicated. If the material to be arranged by the contractor, the obligations to be fulfilled for billing and subsequent payment.
- k) Responsibility for arrangement of equipment, testing gadgets, supply of power and internal transportation to be mentioned in clear terms so as to avoid future disputes.
- l) The scope of work may change in the course of execution and the contractor shall agree to execute extra work at the same rate.
- m) Special Condition of Contract, if any. (Special conditions will supersede the General Terms & condition of Contract in respective subject / clause).

6.3.2 The following shall be the responsibility of the contractor:

- a) The contractor will have the obligation to pay the wage / salary to various categories of its workers / employee as per latest State Governments' minimum wage circular.
- b) Contractor also will have to pay CPF to all categories of workers / employee employed by him as per prevailing rules.
- c) The contractor is to provide all required safety measures for safe working environment and supply all safety appliances to the workers as per the nature of the work & directive of executing agency.
- d) The workers engaged should be covered under Group Insurance Scheme.
- e) The contractor should have valid labour licence for engagement of labourer at work site and a copy of the same to be submitted along with the contract.
- f) The contractor shall furnish account of all the materials issued to him by the corporation. The material supplied should not be used for any other purpose other than for which it has been issued. The surplus material to be returned to the executing agency (or specify the agency for the purpose).
- g) All the equipment / gadgets issued to carry-out the work be used as per the 'Use Instruction' and to be returned to the executing agency / issuing authority in good condition. (condition in which they were issued, allowing normal wear & tear).
- h) Contractor shall use optimum energy and shall take special attention to avoid wastage and misuse of power / energy / water.
- i) The contractor to adopt such process / method of work that generates minimum environmental pollution.
- j) The contractor will be required to sign an agreement and the contract will be guided by General Terms & Condition of Works Contract.

6.3.3 **Inspection:** The parameters governing the quality of work and the acceptance range against each parameter may be mentioned clearly so that along with quantitative

assessment qualitative assessment is also possible. Possible payment deduction due to poor quality to be mentioned.

- 6.3.4 **Measurement of work:** detail out the method to evaluate the quantum of work done using physical parameters and to be duly recorded in Measurement Book. Depending on work, this also can be mentioned against time frame.
- 6.3.5 **Rate of Payment and Payment terms:** to be mentioned elaborated way. Payment will be made only against bills raised by the contractor. Payment to be linked with physical quantum of work completed, deployment of work force, procurement of associated material etc.. Contractor can claim payment for the value of work done in a month or after completion of a defined sub-part of the total work or after completion of the assigned job including testing as defined in Inspection clause.
- 6.3.6 **Contract Termination Clause:** employer will clearly define the situations under which the Work Order / contract may be terminated unilaterally by the employer (In addition to the clauses mentioned in General Conditions of Contract).
- 6.4.0 **Contract Agreement**
- 6.4.1 The contractor shall be asked to execute an agreement (for value of work order of Rs. 1 Lakh or more) within one month of issue of the Work Order in the prescribed format. The agreement will contain : schedule of work, rates & payment terms and all other obligations the contractor is to execute under specific condition and assistance / support for which the employer agreed. The General Conditions of contract and Special Condition of Contract (specify) will form part of the contract.
- 6.4.2 The **Agreement** to be typed on a non-judicial stamp paper of appropriate value as per provision of Indian Stamp Act as notified in its affiliation to Jharkhand. The cost of stamp paper to be borne by the contractor.
- 6.4.3 Any **dispute** arising out of the Work Order / Contract will be referred to arbitration as per the clause mentioned in General Conditions of contract. Arbitration Act 1996 shall be guide line to resolve all disputes issues.
- 6.4.4 **Liquidated Damage:** The contract should have clear mention about imposition of Liquidated damage. (Ref. : clause 4.16.0)
- 6.5.0 **Employer / Owner risk**
- 6.5.1 Employer's Risk: the owner is responsible for the expected risks, which are:
- a) war, hostilities, invasion, act of foreign enemies, rebellion, revolution, insurrection of military or usurped power, or civil war;
 - b) riot, commotion, disorder, unless solely restricted to employees of the contractor.
- 6.5.2 A compensation provision may be incorporated in the contract under for such situation.

Chapter - 7

Work measurement & Payment

- 7.0.0 The concerned executive or engineer in the executing department shall maintain a measurement book as recommended by the Contract cell / Executing department and all physical quantification of work will be entered in it as specified by the executing department. The measurement book will be the basis of payment to the contractor.
- 7.0.1 The contractor shall enter category wise work force deployed, units of physical of work done in a weekly basis and shall summarize is monthly statement incorporating the rate. The contractor will have the responsibility to get the measurement book counter signed by the concerned officer in the executing department. At the month end along with a forwarding letter and bills of contractor, the measurement book be sent by the concerned officer in executing department to Finance Department for release of monthly payment.
- 7.0.2 Payment for any **extra work** to be calculated on the same basis as agreed in the Work Order.

If the nature of extra work is different, the contractor in advance or within 15 days of execution of such work should submit the rate of such work clearly defining the measurement unit of work along with price break-up and justification there of. The concerned officer in the executing department should scrutinise the rates and suitably recommend giving proper justification. After concurrence of finance and approval by competent authority the same shall be marked to Contracts cell and Finance Division.

- 7.1.0 A part of the payment will be recovered from the contractor's bill towards Security Deposit (as mentioned at clause: 6.3.1 (g)) till total SD with the employer becomes 10% of the value of the contract). Any other deductions as decided in due course to be adjusted accordingly but the actual amount of payment should not be generally less than 75% of the bill amount. The Running bills will be paid within 28 days of submission of bill or as per serial number of payment voucher (PAV) in the concerned Finance Department.
- 7.1.1 For Mobilization Advance Payment refer to clause No. 4.14.1
- 7.1.2 Secured Advance payment may be included in the contract if the nature of project work requires such provision for speedy execution of the job. 75% cost of the material brought to site for incorporation of works only should be paid as Secured Advance. But in respect of items of limited shelf life, the formula to calculate the cost of materials should be mentioned. Procurement should be also linked to commissioning schedule.

- 7.1.3 Payment of final bill will be made only after issue of completion certificate by the concerned officer in the Executing Department. An adjustment account shall be made and based on certified measurement of the total quantity of work executed by the contractor up to date of completion and on acceptance schedule of measurement of any extra work. The contractor should submit final bill within 60 days of issue of completion certificate / commissioning certificate by the concerned officer in executing department. The executing department and finance department should check the bill within 30 days from receipt of the bill and return to the contractor if any correction is involved. 50% of the undisputed amount should be paid to the contractor at the stage of returning the bill. The contractor should resubmit the bill with necessary corrections within 30 days. The resubmitted bill should be checked and paid within 60 days of receipt.
- 7.1.4 In case the work / project envisages for performance guarantee, the 10% Security Deposit retained with the employer shall be converted to Performance Guarantee. However the contractor can submit BG of the equivalent amount for performance guarantee and may be allowed to withdraw the Security Money retained with the company. The validity of BG shall not be less than the warrantee / guarantee period and may be requested to extend if the warrantee period is extended subsequently.
- 7.1.5 Security Deposit should be refunded within 14 days of issue of the completion certificate (take over certificate) / commissioning of the project / completion of the work.
- 7.1.6 Mode of payment in general will be by cheque. However other mode of non-cash payments like draft, e-payment etc. based on payment terms agreed in the contract can be adapted.
- 7.2.0 **Extension of contract** may involve the following situations:
- a) Time Extension with no change in quantity and value of contract where extension of time period of contract have no financial impact. The extension proposal along with justification to be initiated by the executing department and put-up for approval. (Ref. delegation of power, Annex – 1A).
 - b) Extension with changed quantity of work which results in enhancement of value of the contract with or without increase in time of completion. Financial concurrence will be required before approval of such extension. Approving authority shall be as per delegation of power. (Ref. delegation of power, Annex – 1A).

Unless in case of extraordinary circumstance, time extension of Contract normally should not be permitted for more than for 3 months. No escalation, hike in rate shall be permitted during extended period.

Extension under case (b) above shall not be allowed in case the original contract was placed on STE or order was not placed on L1 basis. Before proposing Extension of

contract the market price of major elements of work to be explored so as to ensure that there is no downward trend.

Order for all types of extension in contracts to be issued within the time duration of original contract period. More than two extensions shall not be permitted under normal situation.

7.2.1 Repeat Orders without calling for fresh tenders may be placed only in case of contracts not exceeding Rs. 10 lakhs after recording the reasons, with approval as per delegation of power subject to the following:

- a) there is no change in scope of work
- b) there is no downward price
- c) with financial concurrence of Corporate Finance.
- d) it is beneficial and advantageous for the corporation in reducing time cycle / processing time.
- e) The party is competent to carry out the job and its performance in executing the original contract had been found satisfactory
- f) The original order was not on STE or other than L1 basis.
- g) Value of the repeat order should not exceed original contract value.
- h) Repeat order to be placed within 2 years from the date of placement of original order or within 1 year from the completion of original order whichever is earlier.

An order can be repeated maximum two times.

7.3.0 Under normal circumstances no LD should be waived. However, in response to the written request by the contractor the same may be examined. If it is established by the executing agency that the delay is not attributable to the contractor and produce a certificate in this respect signed by HOD of the executing department, LD can be reduced or waived off as special case. CMD shall be the approving authority for reduction or waiver of LD.

7.4.0 Signing authority on Measurement book / bills will be an executive as specified by HOD of executing department by written order.

7.5.0 Paying authority to be clearly mentioned in Work Order. Finance Department in the plant / project department / corporate office / branch office as per the working area as mentioned in the Work Order or Contract agreement, will be responsible making the payment in sequence of PAV.

7.6.0 The contractor shall be required to start the work within 15 days of receipt of the Work order. Delay in starting the work without assigning any reason may be interpreted as non interest on the part of contractor and the Work Order can be

cancelled banning the contractor from participation of any tender of HEC for the next two years.

- 7.7.0 The contract can be terminated or Work Order can be cancelled if the contractor fails to deliver the desired service in time or as per required quality. Prior to termination a notice to be served giving 15 days time period to improve his performance. If no positive response received on expiry of notice period, the contractor to be ordered to vacate the site within 48 hours. (Refer to General Terms & Conditions of Works Contract for detail). Termination of contract to be done in consultation of Legal Department. The approving authority of termination shall be one level above the executive who accepted the tender.
- 7.7.1 The contract can also be terminated or Work Order can be cancelled if the contractor do not follow statutory rules, safety rules and fail to improve even serving notice to improve. The contract will be snapped / Work Order cancelled if the contractor or his employee found involved in pilferage, corruption, harming / misusing company's property, ill-treating company's employee or any one related to the company. (Refer to General Terms & Conditions of Works Contract for detail)
- 7.7.2 On termination / cancellation as detailed above or if the contractor fails to start the work within specified period, the employer will have the right to assign part or full quantum of work to any other agency at the risk and cost of the employee after giving 15 days notice period.
- 7.7.3 In case of execution of projects which spreads beyond one financial year, the cost to complete the project (CCP) to be calculated at the end of every financial year. If cost to complete plus total cost incurred (CI) is more than project cost (PC), the difference to be booked in the accounts as notional loss.

$$PC - (CCP+CI) = \text{notional loss}$$

Chapter - 8

Vendor Registration & Evaluation

8.1.0 REGISTRATION OF FIRMS

- 8.1.1 HMBP, MM Division have a Centralised Vendor Registration Cell for all the plants. The Vendor Registration Cell will maintain lists of registered contractors category wise and the same will be made available to all the Contract cells of plants / concerned agencies. The list of banned / black listed, suspended contractors / service agencies also will be maintained.
- 8.1.2 All activities related to registration / deregistration will be governed by **Vendor Registration Committee for Works Contract (VRCWC)**. Vendor Registration Committee for Works Contract shall be constituted for two years term comprising of members from concerned departments and to be approved by CMD. Incharge Central Purchase, HMBP shall act as the convener in the meeting proceedings regarding registration.
- 8.1.3 Vendor Registration Committee for Works Contract shall meet in the first week of every month to scrutinise the applications received during the month. Depending on volume of response the Chairman, VRCWC may decide additional days of scrutiny. Recommendation of the VRCWC will be put up to GM, HMBP for approval. VRCWC also will recommend for deregistration of contractors.
- 8.1.4 Vendor Registration Cell shall update the Vendor Registration Master list on a continuous basis and once in a year, the full list to be circulated (preferably in the month of April). The new firms, which have been registered in due course of time should be included in the Master list and information to be circulated to the concerned agencies. At the same time, information to be circulated regarding the firms who have been de-registered due to unsatisfactory performance, banned, black listed or who have not renewed their registration or for any other reason.

8.2.0 Procedure for registration

- 8.2.1 **Experienced Contractors** will be registered depending on their previous experience, credibility, competence and requirement of the corporation need and recommendation of VRCWC.
- 8.2.2 For registration, the prospective vendors to apply on Works Contractor Registration Form (Annex - III). The form may be down loaded from website (www.hecltd.com) or collected from Central Purchase, HMBP. For collecting a form from Central Purchase Department, the contractor should submit a request letter in the firm's letter head for 'Application form for registration' addressed to Incharge Central Purchase, HMBP along with photocopy of work orders he has executed as a proof of experienced contractor / firm.

- 8.2.3 Applications for registration must be accompanied with the following statement/ documents.
- a) Work Order copies of State Govt. / PSU/Railway/Central Govt./ reputed private or public organisation executed during the last five years along with completion certificate.
 - b) Registration with Govt. Dept. / PSU / Railways if any.
 - c) Labour Licence
 - d) Banker's certificate showing financial status
 - e) Photo copy of PAN card.
 - f) Registration with Co-operative Register of State Govt. (in case of Co-Operative society).
 - g) Details of facilities available (tools, tackles, construction or other machineries)
 - h) Partnership deed (in case of Partnership)
 - i) Group insurance – if available.
 - j) Sale Tax / Service tax registration – if available.
 - k) Audited Profit & Loss Statement, Balance Sheet.
 - l) CPF registration. / Service Tax registration

Additional specific query may also be asked which gives better understanding about the contractor's area of strength, expertise, facilities available with them etc.

- 8.2.4 A non-refundable fee of requisite value to be enclosed with the application in the form of Demand Draft (drawn in favour of 'Heavy Engineering Corporation Ltd.).
- 8.2.5 The application forms received from the various firms will be checked thoroughly by the Registration Section. If it is found that the application is incomplete, a back reference will be made to the firm(s) concerned for furnishing the complete data, in case the replies given by the firm (s) are of an evasive nature, no further enquiries need be made and the enlistment be refused. official address of the contractor / firm given in HEC township to be verified for authenticity of allotment for commercial purpose from Town Administration Division of HEC.
- 8.2.6 No individual will be entertained for registration. A Co-operative Society, Partnership firm, registered proprietary firm or a company formed under legal frame work shall be considered for registration.
- 8.2.7 The application of a firm should be scrutinised by Vendor Registration Committee for Works Contract who will recommend or reject the request and shall send for approval of GM, HMBP.
- 8.2.8 In all cases of registration the period of enlistment should be recorded. Period of

registration should be for 3 years only. The contractor should apply for renewal of the registration (along with DD of requisite value) well in advance of the date of the expiry of 3 years. In case the contractor do not apply for renewal in time, a formal notices for submitting their application for renewal shall be issued to them by the Registration Section giving one month time period. If the application received after expiry of 3 months, the application to be accompanied with a DD of of requisite value. Fresh registration shall be needed if renewal is not done within 6 months of expiry.

8.2.9 A Register / Computer data base of Registered Contractors will be maintained by Central Purchase, HMBP. This register / Master list will be kept updated as soon as new registration or de-registration is approved. A list of the Registered contractors will be made available once in year to all the Contract cells, Civil Maintenance, Finance, Marketing / Project division, Town Ship and other executing / beneficiary departments. Along with this a list / data base of the suspended and Banned firms also will be maintained.

8.2.10 **For new contractors** / cooperative society without any prior work experience trial order (of order vale less than Rs. 1 Lakh) may be issued and on successful completion of the work, based on recommendation of the executing department a provisional registration certificate for six months will be issued. The following should be required to be submitted by the contractor along with the application form:

- a) Duly filled in application form along with DD of requisite value.
- b) Copy of trial work order along with completion certificate from head of the department where the trial order was executed.
- c) Photo copy of PAN card in the firm's name.
- d) Document from bank showing financial status of the firm.
- e) Details of facilities available.

8.2.11 If the VRCWC are satisfied with the furnished facts, it may recommend issue of Provisional Registration Certificate to GM, HMBP. Provisional Registration Certificate will remain valid for a period of six months.

8.2.12 With Provisional registration the contractor shall be eligible to quote regular tenders for all value of tenders.

8.2.13 Firm will have to submit application for regular registration as per procedure detailed above within validity period of the Provisional Registration Certificate.

8.3.0 PROCEDURE FOR VENDOR RATING.

8.3.1 The performance of the contractors against each contract should be reviewed by the executing department and a quarterly report in this regard be sent to respective

Contract cell of the plant. As far as possible the performance report should be a quantitative and qualitative analysis of the Contractor's performance. A sample proforma placed at Annex-IV .

- 8.3.2 Respective plant's Contract cell along with executing departments shall annually analyse all the quarterly reports / information from the executing department and assign a grade [A – excellent (8 to 10), B- satisfactory(4 to 8), C- poor (below 4)]. The respective contract cell may recommend de-registration of poorly performing contractors to the Vendor Registration Committee for Works Contract after approval of Incharge Operation and GM of the respective plant.
- 8.3.3 The vendor rating preferably be prepared and sent to Registration Cell in the month of March so that the respective rating can be incorporated in the annual vendor list.

8.4.0 PROCEDURE FOR DE-REGISTRATION, BANNING & SUSPENSION.

- 8.4.1 Removal from the list of Registered Contractors, may be done on the basis of following and the reasons to be recorded very specifically.
- a) If the firm fails to execute a contract or fails to execute it satisfactorily (poor rating).
 - b) When the firm neglects to quote in response to our consecutive invitation of tenders.
 - c) When the firm is declared bankrupt or insolvent.
 - d) The firm was found guilty of pilferage, corruption, etc. as per clause 7.7.1 and non payment / less payment of wage to its employee.
 - e) In the case of firms indulging in malpractices or where the proprietors, partners or any of the Directors of the firm are convicted of offences involving moral turpitude or in the case of corruption against the firm, the Vigilance Section of the Corporation will make necessary investigations and depending upon the results of investigations, may recommend ban / suspend business dealings with the firm and forward the same for approval of the Management and subsequent implementation (need not be routed as per 8.4.2)
- 8.4.2 Proposal for removal from the list of registered vendors, will be initiated by the Contract cell and to be routed through incharge Operation and GM of respective plant. On recommendation of VRCWC and approval of GM, HMBP the registration of the contractor will be cancelled. A letter in this respect will be sent to the concerned contractor to his official address. Copy of the same to be also circulated to concerned agencies with appropriate advice.
- 8.4.3 Tenders received from a firm whose name has been removed from the list (not as ban / suspension or punishment) should be given the same consideration as is given to tenders from un-registered parties.

Chapter 9

Pre-Bid Tie-up

9.0.0 Outsourcing different portions of the assignment / job content may be required for various reasons such as:

- Overall economy & competitiveness
- Gap in knowledge (design, Technology, technical know how)
- Not a core business area [like ventilation, air conditioning, dust suppression etc.]
- Deficiency in manpower / infrastructural facility
- For strategic business reason

For submission of tender for execution of project type of job / product, estimation of intended outsourced part may be difficult to arrive at with reasonable accuracy level. Arrangements with the outsourced agencies are required from initial engineering & estimation stage itself to arrive at correct cost assessment of the tender. A back to back tie-up with some suitable firm may be worked out such that on receipt of the contract by HEC, the defined scope of job at pre determined price and terms can be awarded to that firm. There by eliminating the risk of over or under estimation of project cost in one hand and making it sure that the specified job will be completed in a pre determined price within the estimated budget.

Selection of such pre-bid tie-up agency should be in a transparent way by tendering mode giving equal opportunity to all capable and willing agencies. The response of a Open Tender route may either be used directly for a specific pre-bid tie-up OR making a panel of suitable firms.

9.1.0 Panel of interested firms

Usually time span available to respond to tender after its notification is not sufficient to get bids from sub-vendors and estimate the price for the notified tender (of end customer). To eliminate delays and costs involved in invitation of frequent tenders for selecting suitable firms, a panel of firms in specific areas to be prepared by inviting Expression of Interest (Eoi).

For preparing panel of sub-vendors, information in the following line to be gathered through Eoi:

- Area of interest
- Specialization in the area
- Details reference of execution of work in the selected area.
- Turnover and net worth of the firm.
- Financial standing and credit worthiness.

Invitation of Expression of Interest may be designed in such a way as to facilitate categorization the firms on different qualifying scale. The list of information given above are only exemplary and the same to be modified in view of actual requirement. Qualifying criteria has to be clearly defined in the Eol.

The panel / list of firms such prepared to be updated yearly. All the record of enlistment / up-dation of sub-vendors including tender register shall be kept updated for any review / scrutiny / audit.

The Eol should be published in at least two news paper of national coverage. For details it may be requested to refer to the company's web-site. Effort should be made to get more response. The Eol should be compulsorily hoisted in the company web-site in details. Response time for Eol shall be minimum_15 days.

9.2.0 **Selection of agency for Pre-Bid tie-up**

9.2.1 **Issue of 'Notice Inviting Tender for Pre-bid Tie-up'** : In the event of tender preparation by HEC for bidding purpose, Limited Tender Enquiry to be issued to firms enlisted against the specific specialization area of the Panel mentioned in the previous section. Copy of the NIT also to be displayed in the web-site of the company and prospective bidders shall be able to download the NIT. Any addendum, corrigendum etc. should also be placed in the web-site. Response from any firm (other than those in panel) against web site notification to be considered provided they meet the qualifying criteria. Minimum 7 days time to be allowed for response by the bidders.

To distinguish from usual NIT, the heading should clearly indicate that the NIT is for 'Pre-bid Tie-up'.

9.2.2 The scope of work to be defined clearly supported by drawing, sketch, charts etc. if required. The tender documents of the client forming part of HEC's tender document shall not be uploaded in HEC's web site. Such documents however, may be made available to bidders in hard copy.

9.2.3 If required, pre-bid meeting shall be conducted after giving prior notice and clarifications made / minutes of meeting to be sent to all the bidders.

9.2.4 Earnest Money Deposit will be guided by the clause 4.12.0, unless specifically exempted and approval taken in this respect from the competent authority.

9.3.1 **Receipt of offers** :Offers shall be received in one part bid system. There will be no public opening of the bids received to avoid disclosure of HEC's price estimation basis.

9.3.2 The tender opening committee will be different from the regular tender opening committee and will be constituted of at least two officials not below the rank of Manager (one from Finance Department), with the approval of Director.

- 9.3.3 A comparative statement to be prepared considering all commercial aspects and finalize ranking of eligible bidders. The comparative statement to be countersigned by the representative of respective finance department.
- 9.3.4 TC (constituted with the approval of Director) will cross check the scope of work envisaged in the NIT and evaluate the most appropriate offer and recommend for formation of pre-bid tie-up, mentioning:
- Scope of work and deliverables
 - Schedule of quoted rates & amounts
 - Taxes & duties
 - Payment terms.
 - Facilities to be provided by HEC
 - Time frame for completion of assignment
- (all the above shall form parts of Pre-tender tie-up; care should be taken to frame the tender in such a manner as the contractor has to execute the work by functioning like a contractor (for that part) in similar terms and condition as HEC will have to fulfill)
- 9.3.5 Approving authority of a 'Pre-Tender Tie-up' will be CMD. After approval, 'Pre-Tender Tie-up Agreement' shall be signed in duplicate on non-judicial stamp paper of appropriate value. The price element will remain firm. The Board of Directors to be informed about pre-bid tie-up in subsequent Board of Director's meeting. Any inclusion, deletion, change in scope made by customer during discussion stage to be accommodated by the sub-vendor without any change in price or compromising quality. In case of any negotiation with the end customer, HEC needs to offer any discount, the same to be applicable for the outsourced part also. (it may be practical to communicate with the prospective sub-contractor about their agreement to offer similar discount on price). In case, due to change in scope of work (that also include outsourced part) the customer agrees to allow revision of price, HEC on back to back shall ask a revised offer from the already selected sub-vendor only. The revised price payable to the sub-contractor shall be proportional to change in work content. Any change in value shall be suitably incorporated / attached to the already signed 'Pre-Tender Tie-up Agreement'.
- 9.3.6 On receipt of award of contract / order from the client by HEC, a separate Supply order / contract will be signed with the sub-vendor based on this 'Pre-Tender Tie-up Agreement'
- 9.3.7 In the circumstances, if sometimes execution of Pre-Tender Tie-up on nomination basis became inevitable the following points should be strictly observed:
- All works awarded / Pre-Tender Tie-ups on nomination basis should be brought to the notice of the Board for scrutiny and vetting post facto.

- The reports relating to such awards to be submitted to the Board every quarter.
 - The audit committee may be required to check such cases.
- 9.3.8 All the pre-bid tie-ups against a particular tender / order taken together shall be less than the total value of the contract from the end client.
- 9.3.9 Even after award of part of the assignment to sub vendor, HEC will monitor progress and quality of supply / service of the sub vendor and take appropriate corrective measures as HEC is ultimately liable for delivery of the product or service to the end customer.
- 9.3.10 The end customer to be informed / approval taken about the scope of work being assigned to the sub-vendor by HEC as per requirement of terms & conditions with the end customer.

9.4.0 **Selection of technology partners / associates of consortium**

Technology in all spear of engineering business is changing fast and even with internal R&D efforts it may not be possible to match the contemporary technology level in all the areas of product mix. In many tenders HEC on its strength do not meet the qualifying criteria or lacks appropriate technology to become competitive. This short coming can be overcome with tie-up with a capable agency / firm. It can be technical collaboration / license arrangement / to share know-how or in the form of business tie-up / consortium / associate. In the later modality, a scope matrix is drawn considering the strength and interest of each party and participate in the bidding process as consortium members (Association with a suitable agency to gain qualifying criteria also shall be considered equivalent to technology partner tie-up.)

HEC to identify areas where technological partners or business associates are required in advance and selection of such technology partner or associates to be done inviting Expression of Interest (EoI) as far as possible.

- 9.4.1 EoI to be published in at least two news paper of national coverage and an international business publication (such as Indian Trade Journal etc) specifying the required technological area. Suitable qualifying criteria also may be indicated. The EoI in details to be placed in company web site. Specific date and time by which response is required to be mentioned.

For technology partners the following information to be collected by suitably designing the EoI:

- Areas of specialization
- Details of technology /process / product specification & capacity
- Reference of supplies /project execution / service

- Business turnover in the mentioned area

(the above are only an examples; based on actual requirement the list to be suitably modified)

9.4.2 Procedure for selection

For selecting an appropriate firm a committee to be constituted by GM of plant / division comprising of:

- At least one representative from marketing
- At least one representative of design / technology of relevant area
- One representative from finance

The committee shall go into details of technological requirement of market, scrutinize prospective customers NITs, analyze comparative technological strength & capability, references of supplies analyze market dynamics etc. to find most appropriate technological partner. The committee will also look in to commercial aspects and recommend the most suitable firm suitable to tie-up.

The recommendation of the committee shall be forwarded to CMD for approval and subsequently an agreement will be signed in this respect. The Board of Directors will be appraised in details of the agreement in the next Board of Directors' Meeting.

Chapter - 10

Engagement of Consultants

10.1.0 The term 'Consultant' include wide variety of private and public entities, including consulting firms, engineering firms, construction managers, management firms, procurement agents, inspection agencies, auditors, investment & merchant banks, institutions / research originations, government agencies, non-government organizations and individual consultants employed as independent professional entity by the client company (HEC) to perform a defined service.

Like other services, consulting service do not involve physical component of activities. This necessitates formulating a separate guideline for hiring consultancy services. **All the cases of engagement of consultant shall be with the approval of CMD.** Consultant shall not normally be engaged in the core activities of the company related to day to day production, manufacturing, administration or other regular activities.

10.1.1 Generally the following assignments may need engagement of Consultant:

a) Project Report Preparation

- i. Sector studies
- ii. Project formulation and Master Plan
- iii. Pre-feasibility study and Feasibility studies
- iv. Detailed Project Report and Design

b) Implementation Services

- i. Tender document preparation
- ii. Software services
- iii. Procurement assistance
- iv. Construction Supervision
- v. Project Management
- vi. Quality Management
- vii. Inspections
- viii. Commissioning
- ix. Post Commissioning and Stabilization
- x. Training / Organizational Development

c. Advisory Services

- i. Policy and strategy
- ii. Re-Organization / Business restructuring / Privatization
- iii. Institution Building
- iv. Training / Knowledge transfer
- v. Management advice
- vi. Technical / Operational advice / legal opinion

10.1.2 Responsibility of the Consultants : The consultants shall perform the services and carry out their obligations under the contract with due diligence, efficiency and economy, in accordance with generally accepted professional techniques and practices and shall observe sound management practices, employ appropriate advance technology, safety & effective equipment / machinery / materials / methods.

10.2.0 Selection Procedure of Consultant

For selection of consultants, a Consultant Evaluation Committee (CEC) comprising of at least three members to be constituted with the approval of CMD. Members should include executive from the related area and finance of appropriate level. The CEC shall be responsible for all aspects and stages of the consultant selection i.e. issuance of EOI, evaluation of EOI, short-listing of consultants, deciding Terms of Reference, issuance of RFP, evaluation of technical and financial proposals, negotiations and final selection of the consultant.

10.2.1 Selection method adopted must achieve the objective of fairness, clarity, transparency and confidentiality. The selection procedure must be reflected in the 'Request for Proposal' (RFP).

10.2.2 Steps for selection:

- a) Preparation of Terms of Reference (TOR)
- b) Preparation of cost estimate and budget
- c) Advertising – Expression of Interest
- d) Short listing of the responding consultants
- e) Preparation and issue of Request for Proposal (RFP) (LTE to the shortlisted firms)
 - i. Letter of Invitation (LOI)
 - ii. Information to Consultants (ITC)
 - iii. TOR
 - iv. Proposed Contract

- f) Receipt of Proposals
- g) Evaluation of technical proposals, consideration of quality
- h) Evaluation of financial proposal
- i) Final evaluation of quality and cost
- j) Negotiation and award of the contract

If a definite knowledge about the service providers and their quality of work is available and simultaneously there is shortage of time for open tendering process of inviting response from interested consultants, the starting step will be (e) above and this will be treated as Limited Tendering Process (LTE). However, in such case proper care to be taken so that quality offers are received and rates are competitive. Basis of selection of consultants and reason for Limited Tendering to be recorded.

10.2.3 Terms of Reference (TOR) is the key document for RFP. It explains the objectives, goals and scope of the assignment and provides back ground information (including list of existing relevant studies and basic data) to facilitate the consultants' in preparation of their proposals. Incase of services like training / knowledge transfer etc. it should be specifically outlined along with details of number of staff to be trained to enable consultants to estimate the required resources.

TOR for issuing RFP should be more specific. TOR shall list the services and surveys necessary to carry out the assignment and expected outputs (reports, data, maps, surveys etc.). However, TOR should not be very elaborative or detailed so that it becomes inflexible for any betterment in later stage.

10.2.4 Cost estimate and budget: based on general assessment of the resources needed to carry out the assignment: staff-time, logistical support and physical inputs. At times the estimation may be difficult to assess by this method and so should be refereed to other organizations who have hired similar services in the past or the firms which render such services (budgetary offer).

10.2.5 Advertising: objective is to inform all eligible consultants about the consulting opportunity through national news paper and business / professional journals and company's website in the form of Expression of Interest (Eoi). Selection of business / professional journal will depend on nature of consultancy required. The advertisement shall define the broad scope of work with the information that details are available in company's website.

Time: generally 30 days time shall be provided as response time (date of tender / date of advertisement to last date of submission). Response time may be reduced for recorded reasons and due approval.

10.2.6 Short listing of the consultants: Unlike procurement of goods or other services in which all interested bidders are publicly invited to bid, in case of Contract service,

only a limited number of suitable consultants are invited to submit bid. (chosen from those who respond to the advertisement).

All the responses from interested consultants are to be received in sealed envelopes as in case of tendering process detailed in Chapter-4.

A committee to be appointed for short listing (normally 5-7 firms) considered to be most qualified and suitable for the assignment. A predetermined 'qualification' criteria needs to be set before opening the responses. A diligent review of the following key aspects may help in this respect:

- Qualification in the field of assignment
- Technical and managerial capability of the firm
- Core business and duration of business
- Qualification of Key staff
- Performance record
- Administrative and financial strength

Example

Criteria	Weightage
Past experience of the firm: • Number of years experience • Past Experience of studies of similar nature. • Past experience in carrying out studies in related sectors. • Studies carried out in India	60% 20% 50% 20% 10%
Experience of Key Personnel • Qualifications • Relevant Experience	25% 30% 70%
Financial Strength of the Consultant • Turnover figure for Last three Years. • Net Profit Figure for Last three years	15% 50% 50%

Alternatively, the employer may specify in the EOI document minimum qualifying requirement for each of the criteria i.e. minimum years of experience, minimum number of assignments executed, minimum turnover etc. Under such circumstances, the employer shall apply pass-fail test and short list all the consultants who meet the minimum requirement as specified.

The short lists shall normally comprise not less than three firms.

10.2.7 Preparation and issue of Request for Proposal (RFP) shall include :

- Letter of Invitation (LOI)
- Information to Consultants (ITC)
 - Technical Proposal – standard forms

- Financial Proposal – standard forms
- Terms of Reference (TOR)
- Standard form of contract

RFP shall define the evaluation criteria, selection method and the procedure that will be used to evaluate them.

ITC shall contain all necessary information that would help consultants prepare respective proposals and shall bring transparency as well as uniform basis for evaluation. The consultants will be indicated to mention the proposal validity period (normally 90 days acceptable).

10.2.8 Receipt of Proposals: The consultants shall be allowed sufficient time to prepare and submit the proposals. The time allowed depends on nature of assignment and will be determined by the HOD of the related department, but normally should be between 15 to 90 days. During the interval any firm may request clarification about the information provided in the RFP. HEC will clarify the points in written to the concerned consultant and also send a copy of the same to all other consultants to whom the LOI was sent.

The Technical and Financial bids shall be received in separate sealed envelopes (together) at stipulated place and on / before a stipulated date & time.

Immediately after last date of submission of the offers, Technical committee shall open the technical bids and scrutinize the offers to evaluate the bids on technical merit / in line with the required parameters. Only after evaluation of technical bids, the financial / price bids shall be opened.

10.2.9 Technical / Quality Evaluation of the offers: For a transparent and fair judgment the technical committee shall decide and record the evaluation criteria before opening the bids.

An example of Evaluation criteria and weightage given below which may need modification from case to case basis:

a)	Consultant's specific experience (including project specific experience and experience in the region)	15-25 points
b)	Methodology & Work Programme (including transfer of knowledge, if so specified in TOR)	25-30 points
c)	Adequacy of Key personnel (including participation of foreign staff if so specified in TOR)	40-60 points
	Total	100 points

Quality Points (**QP**) of each bidder is evaluated in a scale of 100.

The criteria mentioned above may be further divided into sub-criteria. Since Consultant's experience & expertise already have been taken into consideration while short listing consultants, at this stage Methodology and Work plan needs more

attention. Critical evaluation of key personnel under (c) is recommended since they ultimately determine quality of performance. Qualification and experience of the proposed key personnel in their curricula vitae, which must be accurate, complete and signed by individuals and an authorized official of the consultancy firm. In case the experience depends on the team members as in case of Project Management, it is desirable that details of individuals are tabulated in the following category:

- General Qualifications
- Adequacy of qualification for the assignment
- Experience of the region (conversant with region, language etc.)

Evaluation should be done on the basis of its responsiveness to the TOR. A proposal shall be considered unsuitable and shall be rejected at this stage itself if it does not respond to the important aspects of TOR or fail to achieve minimum technical score specified in the RFP.

Finally, the technical committee shall prepare an evaluation report of the 'quality' of the offers in a scale of 100. The report shall substantiate the results of the evaluation and describe the relative strength and weakness of the proposals.

10.2.10 Evaluation of Price: The technically qualified bidders will be informed about the date, time and place of opening of the price bids. Price bids shall be opened publicly in presence of representatives of the consultants who chooses to attend. The Price bids shall be read aloud (& recorded) and which the representatives of consultants may note down. Any arithmetic errors, over writings etc. shall be properly checked and necessary corrections shall be made.

During the opening of price bid, at least two members of the CEC (representative of Finance Dept. mandatory) should be present during Price bid opening.

All the bids shall be converted in to same currency terms (preferably in Rupee), based on exchange rate on the date of opening the bids. For the purpose of price evaluation taxes may be excluded, but shall include other reimbursable expenses such as, travel, transaction, report printing or secretarial expenses. Conditional tenders shall not be considered.

The proposal with lowest price may be given a score of 100 and other higher bidders be evaluated in proportional points lower than 100 as given in the following example.

Price Points (**PP**) of individual

$$= 100 \times (\text{Lowest Price Quoted} / \text{Individual's Quoted Price})$$

Evaluation Chart (example)

$$\text{Overall Evaluation} = k \times \text{PP} + m \times \text{QP}$$

Where 'k' is Price weightage and 'm' is Quality weightage; value of k and m to be

taken between 0 to 1 such that $k+m=1$. Values will depend on selection criteria and application of selection method (selected values to be recorded and approval taken before opening bids).

The bidder with highest Overall point is selected.

Considering price $k=0.2$ and $m=0.8$, the following example shows combined Quality cum Cost Basis Evaluation method.

Name of Consultants	Price Quoted	Price Points (PP)	Quality Points (QP)	Overall Evaluation
A	780	71.79	92	87.96
B	560	100.00	85	88.00
C	800	70.00	95	90.00
D	690	81.16	80	80.23
E	590	94.92	90	90.98

Thus 'E' consultant can be selected on the above basis.

10.3.0 Selection Method : Various selection methods are available and use of any particular method will depend on nature of the assignment and expected out come. It is therefore necessary to define the objectives and scope of services, before deciding on the selection method.

- Quality and Cost basis selection (QCBS)
- Quality based selection (QBS)
- Selection under Fixed Budget (SFB)
- Least Cost Selection (LCS)
- Selection based on Consultant's Qualification (SBCQ)
- Single Source Selection (SSS)

10.3.1 Quality and Cost basis selection (QCBS) : weightage of cost and quality factor (k and m in 10.2.10) to be determined judiciously depending on nature of assignment. It is the most appropriate method when:

- Scope of assignment is clearly defined and TOR is well specified.
- Staff-days, inputs and other inputs can be easily estimated with fairly accuracy level by the consultant and the client.

10.3.2 Quality based selection (QBS) : more suitable under the following situations:

- Complex / highly specialized assignments for which it is difficult to 'define precise TOR and the required inputs' and where client expects the consultants to demonstrate innovation in their proposals(ex. Economic / sector study, multi-sartorial feasibility study, design of a hazardous waste remediation plant, urban master plan etc).

- Assignment that have a high down stream impact and in which the objective is to have best experts (ex. Feasibility structural engineering design of major infrastructure; policy study; management studies).
- Assignments that can be carried out in substantially different ways, such that proposals may not be comparable (ex. Management advise, sector & policy study in which value of services depend on quality of the analysis).

10.3.3 **Selection under Fixed Budget** (SFB) is appropriate only when the assignment is simple and can be precisely defined and when budget allocation with the company is fixed. The RFP shall indicate the available budget and request the consultant to provide their technical and financial proposals in separate envelopes within budget. Consultant with highest rank technical proposal among the short-listed ones shall be invited for negotiation or award of contract.

10.3.4 **Least Cost Selection** (LCS) is more appropriate for assignments of standard or routine nature (audits, engineering design of non complex nature etc.) where well established practices and standards exist. Under this method a 'minimum' qualifying point for quality is pre-defined. Those securing less than the qualifying level are rejected and their financial bids are not to be opened. Conditional tenders are also liable to be rejected. Selection of the suitable offers shall be done purely of lowest quoted price.

10.3.5 **Selection based on Consultants' Qualification** (SBCQ) normally applied for small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases the client shall prepare the TOR, request expressions of interest and information on the consultants' experience and competence relevant to the assignment. Establish a short list from the response and select the firm with most appropriate qualification and references. The selected firm shall be asked to submit a combined technical & financial proposal and then invite for negotiation if required.

10.3.6 **Single Source Selection** (SSS) could affect the benefits of competition in regard to quality and cost, so shall be used only in exceptional cases. The justification shall be examined in the context of the overall interest for the corporation. SSS may be appropriate only if it presents a clear advantage over competition: (a) for the task that represent a natural continuation of previous work carried out by the firm (provided the original contract was not on SSS), (b) where due to some urgency (reasons to be recorded) rapid selection to be done (c) to avoid tendering delays for small assignments (d) only one firm has requisite qualification to carry out the assignment in the region.

10.3.7 **Recommended Selection Method:** A general guideline of recommendation given below:

Type of assignment / scope of work	Method
<ul style="list-style-type: none"> • Simple planning studies • Simple feasibility studies • Environmental Studies • Contract and detailed design • Preparation of bidding document • Data processing • Clearly defined strategy and measurement studies 	QCBS
<ul style="list-style-type: none"> • Technical assistance for institutional development • Technical assistance for hiving off units / privatization etc. 	QBS or QCBS
<ul style="list-style-type: none"> • Crucial studies in the field of policy, strategy and management • Macro / micro economic studies of sector or investment studies • Pre-feasibility studies • Complex feasibility studies • Studies of design of complex projects • Studies in new technology or human & social science 	QBS
<ul style="list-style-type: none"> • Technical assistance in investment studies • Construction supervision 	QCBS
<ul style="list-style-type: none"> • Privatization operation 	QCBS
<ul style="list-style-type: none"> • Financial Operation 	QCBS
<ul style="list-style-type: none"> • Financial sector reforms 	QBS
<ul style="list-style-type: none"> • Procurement / inspection 	QCBS

10.4.0 Authority & Responsibility

Engagement of consultants are not as frequent as in case of Works / General Service Contract; moreover consultancy report on any area has high downstream impact & contain delicate issues. So the authority for selecting and engagement consultant will rest on senior officials only irrespective of value of assignment. Details of tendering process which are common to Works Contract are deliberately skipped in this chapter. Delegation of Power as placed at Annex – 1 and other annexures will not be applicable for Engagement of Consultants.

10.4.1 The HOD (not below the rank of SDGM) of related field / department where consultancy service is required shall initiate a **Preliminary proposal** justifying the requirement and detailing the expected benefits out of it. Through respective Functional Director (or executive looking after coordination function at corporate level) the proposal shall be put up to CMD for approval. (all proposals from plants will be routed through GM of the respective plant).

10.4.2 After approval of CMD **Detailed proposal** shall be prepared containing the following:

- Detail of the service expected
- Estimated cost
- Details of benefits to be derived (in quantitative terms)
- Outline of TOR

- Recommended members of the Technical committee
- Mode of tendering, advertisement (detailing the media, date of tendering / advertisement, date of opening of response) and broad short listing criteria.
- In case open tendering is not intended, name of the firms to whom RFP to be sent to be mentioned explaining the criteria of selection.

After getting the detailed proposal vetted & concurred by Finance, administrative approval of CMD shall be taken.

- 10.4.3 CEC shall prepare elaborated TOR and frame-out formats for response of the potential consultants which will help in short-listing suitable consultants for the proposed assignment. Technical committee also shall decide and record method of section and details of evaluation procedures which shall need the approval of CMD.
- 10.4.4 CEC will shortlist the responses based on pre-decided qualification criteria as outlined at 10.2.6. After due approval, RFP to be mailed to short-listed consultants giving specific date for submission of bids.
- 10.4.5 After getting the offers CEC shall make qualitative evaluation of the technical bids as detailed above and take administrative approval to open the price bids. The comparative statement of Price and Quality shall be prepared by the TC and checked by Corporate Finance.
- 10.4.6 After comprehensive analysis of all the facts, CEC shall negotiate with the best evaluated bidder to give final shape to TOR and other aspects of contract as detailed at clause 10.4.0. Requirement of Price negotiation to be judged by TC depending on estimated budget and offer price. But negotiation should not dilute quality issue at this point.
- 10.4.7 On the basis of clause 10.5.5 and 10.5.6 above TC shall recommend for awarding the contract to most suitable consultant. After concurrence of Finance the same shall be put up to CMD for approval.
- 10.4.8 A contract shall be signed between HEC and the consultancy firm on a non-judicial stamp paper detailing TOR, scope of work, payment, payment terms, date of completion etc.
- 10.4.9 A firm or its affiliates which has been engaged to provide goods or works for a project, shall not be engaged for providing consulting service for the same project. Conversely, a firm or any of its affiliates hired to provide consulting services for preparation or implementation of a project, shall not be eligible for subsequently providing goods, works or services related to the project. Moreover the consultant or any of its affiliates can not be the direct beneficiary of the purpose of assignment (for example, consultant for an auction proceeding can not be a direct or indirect bidder). However, in case of turn-key project a firm may act as consultant, contractor or supplier together as a package contract.
- 10.4.10 Consultants or any of their affiliates shall not be hired for any assignment which by its nature, may be in conflict with another assignment of the consultants.

Annex – 1

Delegation of Power

The Board of Directors, Heavy Engineering Corporation Ltd. has vested authority and power related to procurement and contract matters on Chairman cum Managing Director (CMD). CMD in turn, delegates power and authority to concerned executives for taking decisions on Procurement & Contract matters as given in the attached 'Schedule of Powers Delegated in Respect of Works & Services'.

As per Board of Directors 287th meeting and its resolution, CMD will be the approving authority for Purchase matter and Contracts valued up to Rs. 100 crores (a single purchase order / contract) subject to all necessary purchase procedures in such matters. Beyond this limit of value the matters will be referred to Board of Directors for approval.

The delegation of power by CMD to concerned executives may be modified from time to time with the approval of CMD.

Schedule of Power delegated in respect of Works and Services.

As per Circular No. Sect. / Del. Power / 74-06 / 207 dt. 16-09-2006

Annex - II

General Conditions of Contract for Works Contract

1. General Obligations	
1.1	The contractor shall deposit specified amount of Earnest Money (EMD) along with the offer.
1.2	The Earnest Money will be converted in to Security Deposit (SD) for the successful tenderer. This will form the initial Security Deposit. Subsequently a deduction at the rate of 10% (or as specified) from all "On account" payments to the contractor will be made till the total Security Deposit becomes 10% of the tender / contract value.
1.3	EMD and SD to be deposited in the form of Demand Draft (drawn in favour of Heavy Engineering Corporation Ltd.) or by Cash Receipt.
1.4	No interest shall be payable on the Earnest Money or the Security Deposit or the amount payable to the contractor under contract.
1.5	When the amount deducted from monthly "On account" bill aggregates to Rs. 5 Lakh or above, the contractor may be have the option to convert the cash portion into Bank Guarantee. The Bank Guarantee (BG) shall be valid for the complete contract period including maintenance / performance guarantee period (wherever applicable). In case of any extension of time is granted to the contractor for the completion of the work under this contract, the contractor shall simultaneously arrange for the extension of time validity of the BG.
1.6	On grant of completion certificate to the contractor, 50% of the SD shall be refunded to the contractor on his request which shall be payable within 14 days of time and the balance 50% will be retained as security against inaccuracy, omissions, shortcomings, quality deficiencies etc. On issue of no due certificate by the employer the remaining SD will be released. In the contracts where Performance Guarantee is an agreed / part of assignment, on completion of work, full Security Deposit will be converted to Performance Guarantee.
1.7	Performance Guarantee will be refunded after satisfactory completion of warranty period against issue of written certificate in this regard by the executing department.
1.8	All compensations or other sum of money payable by the contractor to the employer under the terms of contract with the employer or under any other contract with the employer shall, without prejudice to any other mode of recovery, be recoverable from such contractor by way of deduction of payment or encashment of Bank Guarantee.
1.9	The contractor shall, when called upon to do so by the employer, enter into and execute a contract agreement at his own cost. Unless specifically mentioned Contract agreement to be signed for value of work order of Rs. One lakh or more. The original contract document shall be signed on non-judicial stamp paper of value not below Rs.10 by the employer and the contractor. This document will be retained by the employer (Incharge Contract cell or his representative empowered as authorized signatory and Contract cell will be the custodian of original contract) and an authenticated copy thereof to be given to the contractor.

1.10	The contractor shall be presumed to have satisfied himself about the quantum & nature of work and all associated working environment. He shall also be presumed to have satisfied himself the correctness and sufficiency of the tender for the work as quoted by him in the tender schedule and it will be justified to assume by employer that rates and prices quoted shall cover all his obligations under the contract and all matters and things necessary for the proper completion and maintenance of the work.
1.11	It is understood and agreed that no extra payments shall be admissible to the contractor, consequent on any alleged misunderstanding or miscalculation or arising of any other mistake or factor not specifically provided in the contract.
1.12	All contracts documents are complementary to one another and what is required by one shall be as fully and effectually binding on a contractor as if the same is required by another documents; the intention of the documents is to include all - labour, material, equipment and transport and any other measure necessary for prompt and efficient execution of the work to be arranged by the contractor.
1.13	<p>The contractor shall not at any time assign or sublet his contract or any part thereof to any person or allow such person to become in any way interested therein in any manner whatsoever, without prior permission in writing of the employer. Any contravention of this condition shall entitle the employer to rescind the contract and shall also render such contractor liable for payment to the employer in respect of any loss or damage arising out of or ensuing from such rescission or contract.</p> <p>Provided further that where the subletting of work by the contractor in any case, is permitted by the employer, such subletting shall never be deemed to establish any contractual relationship between the subcontractor and the employer, and that the contractor shall not at any time, be absolved of any obligation or responsibility under the contract or any part thereof and shall continue to be responsible for all acts of omission and commission of the subcontractor, his agents, servants or workmen as fully and effectually as if the same were acts of omission and commission of the contractor, his agents, servants or workmen, as the case may be.</p>
1.14	All the contracts or terms thereof entered into between the employer and the contractor under these General Conditions of Contract shall be governed and regulated by the relevant laws being in force from time to time in the territory of India related to contracts. The contract shall strictly conform to the provisions, of any law related to works or any regulations and bye-laws made by any local authority. In case the contractor foresee that variation in specification and drawings are necessary in view of the provisions of the law or regulations or bye-laws, he shall immediately inform the employer / appropriate authority in writing specifying proposed variations and the reasons for such variations. The contractor shall take further action as per written instruction of the employer (appropriate authority).
1.15	The contractor shall, when he is not personally present on the site of work, invariably place and keep on such site a properly qualified agent, duly authorized and empowered to act on his behalf and receive on his behalf orders and instructions from the employer or his representative related to such work. The contractor shall furnish the name, designation of the agent. Any change in the agent to be suitably informed to the employer in written.

1.16	All notices, communications, references and complaints issued by employer or his representative or contractors shall be treated valid, if it is in writing.
1.17	<p>The work as per defined specification and quality standard shall be completed within the time specified in the order or with in extended time subsequently communicated to the contractor in writing.</p> <p>a) If there be any amount of extra additional work of any kind or other special circumstances of any kind whatsoever which may occur be such as fairly entitle the contractor to an extension of time for completion of work, the contractor shall make a request letter to the employer detailing the situation within 15 days of such work has been commenced or such circumstances have arisen. The employer / his representative will analyze and decide the amount of such extension and issue extension of time in writing.</p> <p>b) If the contractor fails to complete the work within the time prescribed or within extended time, the contractor shall be liable to pay the employer a Liquidated Damage (LD) at the rate of 0.5 % of the value of unfinished part of the work per delayed week maximum up to 10 % of the total project value. Or depending on the work it can be specifically defined in the work order / acceptance of the tender. The employer may without prejudice to any other mode of recovery deduct the amount of such damages from any money in his hand due or which may become due to the contractor. The payment or deduction of such damages shall not relieve the contractor of his obligation to complete the works or of any other obligations and liabilities under the contract.</p> <p>c) If the employer feels that the contractor inspite of imposition of LD may further delay the completion of work, the employer shall have the right to terminate the contract and forfeit the security deposit to the extend of 10% of the assignment value towards LD.</p>
1.18	No land / building belonging to or in possession of the employer shall be occupied by the contractor without permission of the employer. The contractor shall not use or permit use of the site for any purposes other than that for executing assigned work. Land / building rent, unless otherwise stipulated, shall be payable by the contractor.
1.19	In consequence to any difficulty in obtaining materials, the employer may, without any liability therefore, agree to endeavour to obtain or assist the contractor in obtaining the required quantities of such material. But if there be any delay or failure in obtaining the aforesaid materials of required quantities thereof, this will not relive the contractor from his obligation to complete the assigned work as per the quality, quantity and time schedule
1.20	If, at any time, any material, which the contractor would normally have to arrange himself, is supplied by the employer, either at the contractor's request or in view of avoiding possible delay, the recovery of cost of such material shall be made from contractor's bill at actual rate or at market price (calculated on landed basis, whichever is higher) along with interest rate of 10% per annum.
1.21	All the assistance extended to the contractor in the form of land, building, machinery, equipment, water, power etc. to be utilized economically and in proper manner. After completion of the work these shall be handed over by the contractor in good / working condition to the respective authorities.

1.22	The contractor shall not sell, or otherwise dispose off, or remove except for the purpose of work any material which may be obtained as a result of excavation. All such items shall be the property of the employer.
1.23	The contractor shall indemnify and keep indemnified the employer for all losses and claims for injures or damages to any person or property whatsoever which may arise out of or in consequence of the construction and maintenance of the works and against all claims demands proceeding damages costs charges and expenses whatsoever in respect thereof or relation thereto.
1.24	If any bribe, commission, gift or reward is given, promised or offered or attempted to be given by or on behalf of the contractor or his partner, agent or servant or by any other person on his behalf to any officer or employee of the employer or to any other person on his behalf for obtaining the contract or any other contract from the employer or for any other favour, without prejudice to any legal proceedings which may be instituted against the contractor in a court of law, it shall be open to the employer to rescind the contract and all other contracts which the contractor has entered into with the employer and to deduct any money due to the contractor under the contract or any other contract with the employer any loss or damage to the employer resulting from such rescission.
1.25	The contractor shall not lend, or borrow from, or have any pecuniary dealings or transactions either directly or indirectly with any employee of the employer, and if the employer has reasons to believe that the contractor has contravened the provision of this sub-clause the employer shall be entitled forthwith to rescind the contract and all other contracts with employer.
2. Execution of Works	
2.1	The contractor shall commence the work as per the start date given in the Work Order / Tender acceptance letter. If no such date is mentioned, it shall be assumed that the contractor to start the work within 15 days from receipt of such Work Order issued to him and in any case should not be delayed by more than 20 days from issue of such Work Order. Any delay beyond this will be treated as the contractor is not willing to execute the work and necessary measures will be taken by authority.
2.2	The contractor shall not engage another contractor or agency to execute full or part of the work without getting written approval of the employer. In case any such approval given by the employee the responsibility and obligation of execution will rest only with the contractor on whom the employer (HEC) has placed order.
2.3	The contractor shall take all work related directions from the nodal executive of the executing department in performing the assigned work but contractor shall continue to be responsible and shall not in any way be absolved of his obligation or responsibility for the due performance of the whole of the work in all respects and due skill and efficiency. The contractor or his representative should have the obligation to respond and present before the nodal officer whenever he instructs to do so. <ul style="list-style-type: none"> a) No alteration / addition / omission of any part of work shall be deemed unless written instruction of the nodal executive of the executing department is received. b) In case the additional work instructed has financial implication, the contractor should give in writing about the rate and quantum of additional financial impact promptly.

2.4	Any representative of the nodal executive of the executing department will have the right to watch, supervise the work and to test and examine any material being used for the work or final product to ascertain workmanship.
2.5	The whole of the work shall be executed in perfect conformity with the specifications and drawings of the work. If the contractor performs the work in a manner contrary to the specifications or drawings or any of them, he shall bear all the costs arising or ensuring rectification or loss caused to the employer and the amount will be liable to be recovered from him.
2.6	All drawings, specifications, process / technology, technical directions and copies thereof furnished from time to time by employer to the contractor shall be deemed and always be deemed to be the properties of the employer, and they shall not be used at any other work or purpose. All such documents to be returned to the employer on completion or termination of work.
2.7	The concerned executive of executing department shall have full power to make and issue from time to time, such further drawings and give all such further instructions and directions as may appear to him to be necessary or desirable for the guidance of the contractor and for proper execution of work. Contractor shall obey accordingly and shall not be entitled to any extra payments outside the contracted value unless the concerned nodal officer issues an order in writing authorizing such extra payment.
2.8	If any dispute or doubt arises as to the meaning or intent of any portion of the specification and drawing or as to the execution of the work or the quality of any material or as measurement of the works with the decision / perception of the nodal officer of the executing department, the contractor should give in writing in support of his argument / point of view (preferably within fifteen days of the date of receipt of such decision by the contractor) and request to resolve the issue within ten days. If the contractor is not satisfied with the response / non response of nodal officer of the executing department, the contractor may approach Incharge Operation of the plant (or Incharge Project / Marketing / Township etc. as the case may be) with the aim of resolving the dispute.
2.9	If neither the drawing nor the specifications contain any mention of description of minor details of work (construction, fabrication etc.) which to the opinion of the concerned engineer are obvious and fairly intended for the satisfactory completion of the work, such minor details shall be worked out (documents, drawings etc.) by contractor at his own cost. The engineer's decision in such case shall be final and conclusive.
2.10	<ul style="list-style-type: none"> a) All drawings, diagram, sketch which the contractor may require, under the condition of contract, to prepare and furnish shall duly furnished in triplicate to the employer at any time before commencement of the job or during the progress thereof for approval. b) Before undertaking any fabrication / work either in his workshop or site, the contractor is required to prepare detail drawing of the components and get them duly approved. c) The contractor shall also furnish drawings of all temporary buildings, set-ups for approval which he proposes to erect for the purpose of the work. d) All statutory statements, returns etc. which the contractor required to submit, should submit to the nodal officer of the executing department. e) All costs of expenditure which may be involved in the above a) to d) to be borne by the contractor.

2.11	It shall be the contractor's responsibility to submit for approval and propose alteration of drawings which in his opinion are necessary for due execution of work in accordance with the contract and every such alteration of the drawings so submitted shall be fully detailed as the original drawings. Implementation of such alterations shall be done only after approval by competent authority.
2.12	The contractor shall at all times be responsible for any alleged discrepancies, errors or omissions in the drawings or other particulars supplied by him irrespective of the fact the drawings have been approved by competent authority and the contractor shall be liable to pay for any rectification.
2.13	The contractor shall at his own expense provide himself with sheds stores house and yards as required for the efficiently carrying out the work. The employer's representative shall have free access to the said sheds, storehouses and yards at all reasonable time for the purpose of inspecting the stock of materials and plant & equipment stored therein. Adequate measures for safety, security and preventive measures against fire & other accidents for such set-ups will be the sole responsibility of the contractor.
2.14	<p>a) The contractor shall keep adequate numbers of efficient and competent staffs to give necessary directions to the workmen in execution of the work. The contractor shall employ only such supervisors, workmen and labours in or about the execution of the work who are careful and skilled in their relevant trades.</p> <p>b) The contractor shall forthwith remove from work any agent, permitted subcontractor, supervisor and workman objected to by the nodal officer of the executing department.</p> <p>c) On demand the contractor shall submit a correct return showing the names of all staff and workmen employed by him.</p> <p>d) In the event that the nodal officer of the executing department or the concerned executing officer is of the opinion that the contractor is not employing on such number of staff and workmen as reasonably necessary for the proper execution / timely completion of the work, he shall forthwith communicate his opinion in writing to the contractor and the contractor shall within seven days of the receipt of the said communication be bound to employ such additional staff and labour as may be required by the concerned officer. Any failure on the part of contractor to comply shall entitle the employer to rescind the contract.</p>
2.15	The concerned officer / engineer shall have access to the work place / site at all time and the contractor shall provide all necessary assistance to facilitate inspection.
2.16	The contractor shall give at least seven days notice in writing to the nodal officer / concerned engineer whenever any work or materials intended to be covered up in earth, in bodies or walls or otherwise to be placed beyond the reach of measurement so that the work may be inspected or the correct dimension thereof may be taken before the work is so covered or placed beyond reach of measurement. Wherever the contractor fails to do so, the same shall, at the opinion of the concerned engineer / officer, be uncovered and measured at the expense of the contractor, or in the alternative, no payment shall be made for such work or materials.

2.17	<p>a) The contractor shall arrange testing and analysis of materials required by specification from authorized agency as required by concerned engineer. Depending on situation, the concerned engineer may authorize any person in writing to supervise the work and test the whole or each part of the work or material and directly get the report.</p> <p>b) The contractor shall forthwith prepare and / or submit samples of work and materials as and when required by the engineer to do so. Such samples will be non returnable type and may be used for various purposes including approval.</p> <p>c) All materials of the work must comply with the requirements or specification and must satisfy the tests and / or analysis standard laid down in the specifications of the Indian Standards Institution or such other recognized standards as may be decided by the concerned engineer.</p>
2.18	<p>a) If it shall appear to the employer, at any time during the progress of the work or at any time prior to the expiration of the period of warrantee, of such work, that any work, has been executed with unsound, imperfect or unskillful workmanship or materials of inferior specification, or that any materials or articles provided by the contractor for the execution of the work are unsound or of inferior quality to the contracted for or otherwise not in accordance with the contract, the contractor shall, on demand in writing from the concerned engineer / officer specifying the work, materials or articles complained of, and within the period of time mentioned in the demand, pull down, take out work so compliance of or objected to, or remove from the site or separate from other materials or sort out the material or articles. If the value of any such work or materials or articles or any part thereof has been included in any "on account" payment to the contractor, the same shall be taken into account and deducted from any subsequent payment due to the contractor will be made.</p> <p>b) However, if the contractor is dissatisfied with such decision, may make an appeal to the Incharge- Operation / marketing / project as the case may be, who shall duly consider the same and pass such order as he may think fit, and any order passed upon such appeal shall be final and binding on the contractor.</p> <p>c) The contractor shall forthwith rectify or remove and reconstruct the work so specified either in whole or in parts, as the case may require, or as the case may be, and provide proper and suitable materials or articles for the material or articles complained of or objected to. If the contractor fails to remedy any defect within the specified period in a manner required, the concerned engineer may engage some other agency at his discretion for proper rectification and / or replacement of components, materials with proper ones at the cost and risk of the contractor. However, a written notice will be served to the contractor before proceeding with such step.</p>
2.19	<p>a) All temporary works necessary for the proper execution of the work shall be provided and maintained by the contractor, and shall, with the consent of the concerned engineer / officer, at any time when such temporary works are no longer required, be removed by the contractor at his expenses and in such manner as the engineer may direct. Failure to do so on the part of contractor, the work will be done by engaging some other agency and all the incidental cost will be recovered from the contractor.</p>

	<p>b) The temporary office, accommodation rooms of the labour which are no longer required on completion of the assigned work shall be handed over along with land to the employer in vacant possession. If the contractor's labour refuse to vacate, and the said offices / accommodation / premises has to be evacuated by the employer, all expenses incurred in the process will be recoverable from the contractor.</p>
2.20	<p>All the materials and plants brought by the contractor in or upon (unless otherwise declared in writing while bringing, as in the case of working gadgets, tools, equipments etc. which will not form part of the work) the site or on the land occupied by the contractor in connection with work and intended to be used for the execution thereof shall, as soon as they are brought in or upon the site or the said land, be deemed to be the property of the employer. Any rejected, unusable material should be immediately removed from the site as soon as they are declared so.</p>
2.21	<p>a) The contractor shall take all reasonable care of all tools, plants and materials or other property, weather of like description or not, belonging to the employer and issued to the contractor for the purpose of the work, and the contractor shall be liable for any damage or loss caused to the same by him, his agents or his workmen or others, whilst the same were in his charge. The contractor shall sign valid receipt for all tools, plants, and materials issued to him by the engineer from time to time, and, on completion of the work, shall be bound to return, subject to normal wear and tear, the unused balance of the same to the nodal officer in good order / working condition.</p> <p>b) In case of loss or damage, the cost / repair cost will be recoverable from the contractor.</p> <p>c) Issue of plants and equipments like compressors, mixtures, portable engines etc. will be covered under Special Terms of Contract.</p>
2.22	<p>a) The contractor shall take all necessary measures to ensure a safe working environment like stability of structure, excavations, fabrications, material handling etc. and further ensure that no physical injury of harm is caused or likely to be caused to any person or no damage or loss is caused or likely to be caused to any property.</p> <p>b) Existing roads or water pipelines shall not be blocked, cut through, damaged by the activities of contractor.</p> <p>c) The contractor shall be responsible for taking all precaution to ensure the safety of public and properties belonging to employer and others.</p>
2.23	<p>The contractor shall, at his own expenses and to the satisfaction of engineer / officer concerned reinstate and make good or liable for any compensation for any injury loss or damage occasional to any property or right, whatever, including the property and rights of the employer or agents, servants or employees of the employer, being injury, loss or damage arising out of or in any way connected with, the execution or purported execution of the contract and further, the contractor shall indemnify the employer against any agent, servant or employee of the employer or which would be so enforceable against the employer, where the employer a private person, in respect to any such injury (including injury resulting in death, disability (permanent or otherwise)), loss or damage to any person or property, including all claims which may arise under the Workmen's Compensation Act or under any other law for the time being in force or otherwise.</p>

2.24	Explosives shall not be used on the work or on the site by the contractor without the written permission of the engineer concerned and then only in manner and to the extent permitted by the engineer. The contractor should have proper and valid license from appropriate authority and should create all necessary infrastructure for use, handling and storing of explosives and deploy necessary skilled manpower as per prevailing regulation.
2.25	<p>The contractor shall, on an order issued by the engineer / officer concerned and duly communicated to him, suspend the progress of the work or any part there of for such time or times and in such manner as the engineer may consider necessary, and shall during the period of such suspension, protect and render security to the work, to the extend necessary in the opinion of the engineer, if such suspension is :</p> <ul style="list-style-type: none"> a) Provided for the contract, or b) Necessary for the proper execution of the work for reason of weather conditions or by some default on the part of the contractor, or c) Necessary for the safety of the work or any part thereof. <p>The contractor shall not be entitled to any extra payments, but if the suspension ordered by the engineer is other than those mentioned above and if such period of suspension exceeds 14 days, the contractor shall entitled to such extension of time of completion of the work as engineer may consider proper and payment of such compensation as the engineer / officer may consider reasonable in respect of salaries / wage paid by the contractor to his employees during the period of suspension.</p>
2.26	The contractor will have to make provision for safety of the public, employees during execution of work, all sanitary and medical arrangements for labour, employee engaged by him and persons deputed by the employer for inspection, supervision etc..
2.27	Demurrage charges calculated in accordance with the scale in force for the time being on the Railways or other transport devices and incurred due to delay in unloading / detention of transport device by the contractor which he is supposed to do shall be recoverable from the contractor.
2.28	<p>The engineer / officer concerned may order the contractor to do any item of work whether or not the same is included in the accepted schedule of rates and the contractor shall be bound to comply with such order of engineer whether given in writing or orally. In case of the orders given orally by the engineer, the contractor shall comply with such order and confirm in writing of such order given by the engineer whether before or after the carrying out of the order shall be deemed to be an order in writing, provided further that the concerned engineer / officer do not contradict in writing about such order.</p> <p>All such work shall be valued at the rates set out in the accepted schedule of rate or derived rates (based on cost of material & labour actually utilized plus 7.5% as supervision & other charges) and with the agreement of the same by the engineer shall be acceptable.</p>

2.29	<p>a) The contractor shall be bound to handover all works executed under the contractor to the employer, complete in all respect and to the satisfaction of the engineer.</p> <p>b) The concerned engineer / officer shall determine the date on which the work shall be regarded completed as contemplated in (a) above and in support of his determination, grant a certificate to the contractor on an application being so made to him, that the work was duly executed, complete in all respects on a specific date. The concerned engineer may also comment on the actual dates of completion of different activities against planned / schedule dates of completion as decided / planned and if the corporation suffered any financial loss due to non-adherence of schedule or due to any other reason.</p> <p>c) On the completion of the work, the contractor shall clear away and remove from the site all temporary constructions, surplus materials, rubbish debris and all temporary works of every kind and leave the whole of the site and work in a neat and clear condition to the satisfaction of the engineer. Failure to do so on the part of the contractor, the cost of such cleaning by some other agency will be recoverable from the contractor.</p>
3. Variations in contract	
3.1	<p>In the event of any of the contract requiring modifications after the contract documents have been signed, such modification shall be made in writing and shall be signed by the incharge Contract cell (or equivalent) and the same shall be binding on the part of the contractor.</p>
3.2	<p>a) The engineer shall make any variation of the form, quality or quantity of the works or any part thereof that may in his opinion be necessary and, for that purpose or if for any other reason, it shall in his opinion be desirable, shall have power to order the contractor to do and the contractor shall do any of the following.</p> <ul style="list-style-type: none"> i) Increase or decrease the quantity or any work included in the contract. ii) Omit any such work. iii) Change the character or quality or kind of any such work. iv) Change the levels, lines, position and dimensions of any part of the works, and v) Execute additional work of any kind necessary for completion of works and no such variation shall in any way vitiate or invalidate the contract, but the value (if any) of all such variations shall be taken into account in ascertaining the amount of contract price. <p>b) No such variation shall be made by the contractor without an order in writing by the engineer concerned or appropriate authority.</p>
4. Measurement Certificate and Payment	
4.1	<p>The quantities set out in the accepted schedule of rates against items of works quantified are the quantities estimated to be required for such work and they may vary in actual.</p>

4.2	<p>The contractor shall be paid for the work at the rate specified in the accepted schedule of rate (HEC Schedule / CPWD schedule / schedule notified by State Govt.) and for any extra work at the rates determined under clause 2.28 of these conditions on the basis of actual measurements of such work taken by the engineer's representative / declared by the contractor in accordance with the rules prescribed for the purpose by the employer. The item wise amount so calculated (based on quantities for items in actual and rates in the accepted schedule of rates) be rounded to nearest whole number.</p> <p>Unless specified otherwise, the engineer at the end of a month, shall record in the Measurement Book, the quantity of work completed during the month and cumulative up to the month in physically measurable terms (after completion of joint inspection if any) and submit the same to the concerned officer / engineer.</p>
4.3	<p>a) The contractor shall be entitled to be paid, from time to time, by way of "On account" payments for such works as he has, in the opinion of the engineer, executed in terms of the contract. All such payments to the contractor shall be due on the certificate of measurements having been granted or issued by engineer / officer concerned.</p> <p>b) On account payments made to the contractor shall be without prejudice to the final making up of the accounts (except where measurements are specifically noted in the Measurement Book as "Final Measurements") and shall in no respect be considered or used as evidence of any fact stated in or to be inferred from such accounts nor of any particular quantity of work having been evacuated nor of the manner of its execution being satisfactory.</p> <p>c) Unless other wise specified, payments to the contractors will be made by cheques, but no cheque will be issued for an amount less than one hundred rupees.</p>
4.4	<p>The contractor shall all time during the progress and continuance of the work and during the period of performance warranty / maintenance, as specified in the tender acceptance or subsequent communication / order, shall be responsible for maintenance and uphold in good condition all and every part of the work.</p>
4.5	<p>a) On the issue of certificate of completion by the concerned engineer / officer in respect of the work, an adjustment of accounts shall be made and the balance of the accounts, based on engineer / officer's certified measurements of the total quantity of work executed by the contractor up to the date of completion and on the accepted schedule of rates, and for any extra works, on rates determined under clause 2.28, shall be paid to the contractor, subject always to any deductions as the employer's representative raise and submission of "No claim" certificate by the contractor.</p> <p>The total security deposit shall become due and shall be paid to the contractor after the issue of certificate of completion by the concerned engineer / officer. If the scope of work includes performance warranty / maintenance, the security deposit shall be converted into Performance Guarantee. If the contractor submits Bank Guarantee of equal amount to cover the performance warranty / maintenance period, he may be paid the security deposit.</p>

4.6	Unless otherwise agreed upon between the parties, payment for deliverables and services will be .made on submission of bills in the prescribed form which may be obtained from the purchase Officer in accordance with the instructions given in the Acceptance of Tender, by E-payment or cheque or demand draft.
5 Employer's lien over all money due to the contractor	
5.1	The employer shall have a lien over all moneys that may become due and payable to the contractor or also on or over the deposit or security amounts made under the contract and becoming repayable to the contractor under the conditions of the said contract or in respect of debt or sum of money that may become due and payable to the employer by the contractor either alone or jointly with another or others and under the subjected contract or other or transaction of any nature, whatsoever, between the employer and the contractor, and further and unless the contractor pays and clears the claims of the employer immediately on demand, the employer shall at all times be entitled to deduct the said debt or sum due by the contractor from the moneys, securities or deposits which have become payable to the contractor.
6 Regulation of labour employed by contractor	
6.1	The contractor shall comply with the provision of the Minimum Wage Act 1948, and all the rules made there under, in respect of any employees or workmen employed or engaged by him for the purpose of carrying out contract. The directive, rules and regulations of the state government in respect to minimum wage shall be accepted by HEC management with upward or without modification. The contractor intending to deploy labourer and workmen should be a labour licence holder from the Govt. of Jharkhand (or respective state government where the work is being carried out).
6.2	The contractor shall comply with the provisions of payments of wages Act. 1936, and the rules made there under, in respect of all employees or workmen employed or engaged by him in the work for the purposes of carrying out the contract.
6.3	The contractor shall be responsible for the safety of all employees or workmen employed by him on and in connection with the work and shall forthwith report to the concerned engineer / officer / employer's representative in all cases of accidents, howsoever caused, and make adequate arrangements for rendering all possible aids to the victims of the accidents.
6.4	In every case in which by virtue of the provisions of sub-section (1) of section 12 of the Workmen's Compensation Act. 1932, the employer is obliged to pay any compensation to the workmen employed by the contractor in execution of the work, the employer (HEC) shall recover from the contractor the amount of compensation so paid and, without prejudice to the rights of the employer under sub-section (2) of section 12 of the said Act. The employer shall be at liberty to recover such amount or any part thereof by deducting it from the security deposit or from any sum due from the employer to the contractor. The employer shall not be bound to contest any claim made against under sub-section (1) of section 12 of the same Act except on the written request of the contractor and upon his giving to the employer full security for all costs for which the employer may become liable in consequence of contesting such claim.

6.5	No quarter / accommodation shall normally be provided by the employer for the accommodation of the contractor or any of his staff employed on the work. In exceptional cases, if any accommodation is provided, the same will be on chargeable basis and the charges shall be decided by the employer wherein clarification for different elements like electricity, water charges etc. will be made. The charges / rents shall be recoverable from the payments to contractor.
6.6	<p>a) The contractor shall at his own expense make adequate arrangements for housing, supply of drinking water and for temporary crèche where 50 or more women are employed at a time.</p> <p>b) The contractor shall conform to all laws, rules and regulations for the time being in force pertaining to the employment for local or imported about and shall take all necessary precautions to ensure and preserve the health and safety of all staff and workmen employed on the work.</p> <p>c) The contractor shall be bound to comply with strictly all sanitary rules and regulations and to carry out all sanitary measures which may from time to time be determined by the Government, local authority, health authority or medical authority of the employer.</p> <p>d) Contractor shall not employ children below the age of 12 years as labourers for and in connection with the execution of the work.</p>
7 Determination and Termination of Contract	
7.1	<p>a) The employer shall, at any time be entitled to determine and terminate the contract, should the employer's opinion, the cessation of work becomes necessary owing to paucity of funds or for any other cause whatsoever, in which case the cost of approved materials at the site and of the value of the work done in writing form employer to contractor of such determination and termination and the reason therefore shall be conclusive proof of the fact that the contract so determined and terminated by the employer.</p> <p>b) Should the contract be determined and terminated under sub-clause (a) above and the contractor claim payments to compensate expenditure incurred by him in the expectation of completion of the whole work, the employer shall consider and admit such claims as are deemed fair and reasonable and are supported by vouchers to the satisfaction of the engineer. The employer's decision in this regard shall be final and conclusive and binding on the contractor.</p>
7.2	<p>If the contractor shall at any time</p> <p>a) Become bankrupt or insolvent, or</p> <p>b) Make arrangement with, or pass the assignment in favour of, his creditors, or agree to carry out the contract under the direction of his creditors, or</p>

- c) Being a company or corporation, go into liquidation (other than a voluntary liquidation for the purpose of amalgamation), or
- d) Have an execution levied on his goods or property on the work, or
- e) Assign the contract or any part thereof, other wise than as provided in clause : 1.13, or
- f) Abandon the contract, or
- g) Persistently discharge the instructions of the employer or contrivance and provision of contract, or
- h) Fail to adhere to the agreed programme of the work by a margin 10% or more of stipulated period, or
- i) Fail to remove material from the site or to pull down and replace any work after receiving from the engineer a notice to the effect the said materials or work have been condemned or rejected under clause 2.14, or
- j) Fail to take steps to employ competent or additional staff and labour as required and instructed by the concerned engineer in writing, or
- k) Fail to provide the engineer or engineer's representative proper facilities for inspection of the work of any part thereof as required under clause 2.24, or
- l) Promise, offer or give any bribe or commission gift or advantage either himself or through his partner, agent or servant to any officer or employee of the employer or to any persons on his behalf as provided in clause 1.25,

then, and in any of the said cases, the concerned engineer / officer may on the behalf of employer serve the contractor with a notice to effect, and if the contractor does not within seven days after delivery to him of such notice proceed to good his default / rectify accordingly, the employer shall be entitled after giving the contractor forty eight hours notice in writing to remove the contractor from the whole or any portion or portions (as may be specified in such notice) and adopt any or several of the following clauses:

- i) Rescind the contract (of which a rescission notice in writing to the contractor from the concerned engineer / incharge contract cell shall be conclusive evidence), in which case the security deposit of the contractor shall be forfeited to the employer, without prejudice to employer's right to recover from the contractor any amount by which the cost of compensating the work by any other agency shall exceed the value of the contract.
- ii) Carry out the work, or any part thereof, by the employment of the required labour and materials, the cost of which shall include freight, supervision and all incidental charges and to debit the contractor with such costs, the amount of which is certified by the engineer, shall be final and binding upon the contractor.

	<p>iii) Measure up the work executed by the contractor and to get the remaining work, completed by another contractor at the risk and expenses of the contractor in all respect in which case any expense that may be incurred in excess of the sum which would have paid to the contractor if the work had been carried out by him under the terms of contract, the amount of which in excess as certified by the engineer shall be final and binding upon contractor and shall be borne and paid by the contractor and may be deducted from any moneys due to him from the employer under the contractor or otherwise or from his security deposit.</p> <p>Provided that in any case in which any of the powers conferred upon the employer by sub-clause (a) to (l) above, shall become exercisable and the same shall not be exercised, the non-exercise thereof shall not constitute a waiver of any of the conditions thereof and such powers shall notwithstanding, be exercisable in the event of any future case of default by the contractor for which his liability for past and future shall remain unaffected.</p>
7.3	<p>In the event of any or several of the courses referred to in clause 7.2 above being adopted:</p> <p>a) The contractor shall have claim to compensation for any loss sustained by him by reason of his having purchased or procured any materials, or entered into any commitments, or made any advance on account of, or with a view to, the execution of the work or performance of the contract, but the contractor shall not be entitled to recover or paid any sum for any work actually performed under the contract, unless and until the engineer shall have certified the performance of such work and the value payable in respect thereof, and the contractor shall be entitled to be paid the value so certified. The contractor shall have no claim to any payment, or compensation or otherwise howsoever, on account of any profit or advantage which he might have derived from the execution of the work in full, but which he did not derive consequence of the determination of the contract.</p> <p>b) The engineer / officer shall be entitled to take possession of any materials, tools, machinery, building on the work or the property on which these are being or ought to have been executed, and to retain and employ the same in the future execution of the work or any part thereof until the compensation of the work without the contractor being entitled to any compensation for the use and employment thereof, or for wear and tear or destruction thereof.</p> <p>c) The engineer shall, as soon as may be practicable after termination / removal of the contract, fix and determine ex-parte, or by or after reference to the contractor, or after such investigation or enquiries as he may consider fit to make or institute and shall certify, what amount (if any) had at the time of rescission of the contract been reasonable earned by or would reasonably accrue to, the contractor in respect of the work then actually done by him under the contract and what was the value of any unused or partially used materials any constructional plant and any temporary work upon the site.</p>

8. Settlement of dispute by arbitration

- 8.1
- a) All questions, disputes or differences of any kind, whatsoever raising out of, or in connection with, the contract, at any time, whether during the progress of the work or after its completion, or whether before or after the determination of the contract, other than questions, disputes or difference for the decision of which specific provisions have been made in the fore going clauses (hereafter referred to as “excepted matters” and decisions on such “excepted matters” according to the said specific provisions shall be final and binding on the contractor and shall not be reopened or attempted to be reopened on the ground of informality, omission, delay or error in the proceeding in or about the same or on any other ground whatsoever) shall, be submitted in writing by the contractor to the employer, and the employer, shall, within a reasonable time ‘after the submission of the same, make and notify its decision thereon in writing.
 - b) If the contractor be dissatisfied with the decision of the employer on any matter in question, dispute or difference, on any ground, or as to the withholding by the employer of any certificate to which the contractor may claim to be entitled to, if the employer fails to make a decision within reasonable time, then and in any such case but not including any of the “expected matters”, the contractor may, within ten days of the receipt of such decision or after this expiry of a reasonable period of time, the case may be demand in writing that such matter in question, dispute or difference be referred to arbitration. Such demand for arbitration shall be delivered to the employer by the contractor and shall specify the matters which are in question, dispute or difference and only such question, dispute or difference of which the demand has been made no other shall be referred to arbitration.
 - c) The future progress of any work under the contract shall, unless otherwise directed by the engineer, continue during the arbitration proceedings, and payment due or payable by the employer shall be withheld on account of such proceedings, provided however that it shall also be open to the arbitrators to consider and decide whether or not such work shall continue during arbitration proceedings.
 - d) Matter in question, dispute or difference to submitted to arbitration as aforesaid shall be referred for decision to two arbitrators, one to be nominated by the Chairman and the other to be nominated by the contractor. In the event of the two arbitrators being divided in their opinion, the matter under dispute shall be referred for decision to an umpire to be appointed by the two arbitrators not later than one month from the last date of their respective appointments and, in any case before they enter upon and proceed with the reference.
 - i) The arbitrator or the umpire shall have power to call for such evidence by way of affidavits or otherwise as the arbitrators or the umpire, as the case may be, shall think proper, and it shall be the duty of the parties or umpire to make the award without delay.
 - ii) Unless otherwise agreed upon by the parties, the venue of the arbitration proceedings under these conditions shall be at Ranchi in the state of Jharkhand.
 - iii) Subject as aforesaid, the provisions of the Arbitration Act 1940, or any statutory modifications or re-enactment thereof and of the rules made there under for the time being in force, shall apply to all arbitration proceedings under this clause.

Provided, however, that the arbitrators or as the case may be, the umpire, may from time to time, with the consent of the parties, enlarge the time for making the award.

APPLICATION FORM FOR REGISTRATION OF CONTRACTOR/CO-OPERATIVE SOCIETY.

To

Incharge Registration Cell
Central Purchase Department
Heavy Machine Building Plant
Plant Plaza Road
PO: Dhurwa, Ranchi 834004

Dear Sir,

I / we are willing to include the name of our firm / cooperative society in the Registered contractors' list of Heavy Engineering Corporation. The non refundable application fee of Rs. 7,500 (Rupees Five hundred only) in the form of Demand Draft / Cash Receipt (DD.No. ... , Drawn on bank / Cash receipt No. date) enclosed here with along with other details.

1. Name of the Firm/Society/Co-operative Society :
Address of Head Office along with telephone, fax number, e-mail address:
2. Category of Work for which enlistment is desired :
3. (a) Is your firm incorporated under the companies :
Law or any other Law of India? If not who are partners/proprietors(please give their name and address)
- (b) Is your firm registered under the Indian :
Partnership Act.1932.
- (c) Instruments available with contractor

4. If the firm is registered under the Indian partnership Act 1932 or any other act requiring the Registration :
of firm/Partnership.
 - (a) The name and / or style in which it is registered
 - (b) The place of the registrar of firms with whom :
registered
 - (c) The date of such registration and the number :
and date of registration certificate
 - (d) The name and address of all the partners and :
the extent of their shares
 - (e) Whether under the partnership deed any one :
partner has been authorised to sign and bind
the firm in all contractual obligation including
power to refer cases for arbitration: If not,
whether a separate power of attorney exists
in favour of particular partner to Perform such
functions in the latter case a copy duly attested
by a Notary Public should be submitted:
5. In any other case: :

The name (S) and address(es) of the proprietor and/
or all the partners and the nature and extent of their
interest in the joint business (in the case of a joint
Hindu Family firm, give, this information regarding all
person who have any interest in the business).
6. The Income-Tax circle/ward/district in which the :
concern and each of its proprietor(s)/partners(s) is/
are assessed to Income Tax and the G.I.R.No. of
each.
7. Details of Facilities available (List of Equipments
etc.)
8. Number of Labour employed:

9. State details of contract executed by your firm during past 12 months (of considerable magnitude) with number and date of contracts name and full address of the party/parties, work executed and value of the works, (If this information is not adjustable against this column a separate sheet may be attached.).
10. For Co-operative Society:
Copy of Registration Certificate of Registrar/Co-operative Society of State Govt.
11. Whether you are registered with any Central/State Govt. Undertaking or any reputed Pvt. Limited concern? If so, a photo copy of the same be furnished along with application.
12. Name and full address of your Bankers:
13. Do you pay Income Tax, if so the photo copy of the PAN Card be furnished along with application? Give Service Tax registration number and details.
14. Give the Demand Draft No. & Date for the amount of Rs.7,500/-
15. Copy of the partnership deed/memorandum and article of association, Balance sheet, Profit & loss A/C and trading A/C statement of the last year should be furnished along with application.
16. Major Work order of PSU / Central Govt. / Railway / State Govt. / other organizations during last 05 years.
17. Work order(s) copy of PSU/Central Govt./ Railway/ State Govt. / other organizations during last one year along with the following documents:-
 - (i) CPF Registration.
 - (ii) Labour License.
 - (iii) Group insurance
 - (iv) Sales tax /Works Tax registration
18. Banker's Certificate.

- 19. Legal dispute with PSU / any other Organization during last 5 years.
- 20. Remarks, if any.:
- 21. I / We do hereby declare that the entries made in this application form are true to the best of my/our knowledge and also that we shall be bound by the acts, of my/our duly constitute Attorney.

Mr. Who has signed this application and of any other Person Who in future may be appointed by me/us in his stead to carry on the business of the concern, whether an intimation of such change is given to HEC or not,

All subsequent changes in the Constitution or Working of a firm affecting the accuracy of the answers now given should be promptly communicated to HEC.

Place: (Signature of Proprietors/Partners/Manager/etc.)
with seal

Date:

(Name & Designation of person signing this application form)
(Proprietor/Partner/Manager etc.)
(strike out which is not applicable please)

- N.B:
- 1. Correct and complete information must be given failing which the application is liable to be ignored/rejected.
 - 2. Issue of Form does not guarantee registration of firm.
 - 3. This Form will remain valid for a period of three months for submission from the date of issue.(if the application form issued from office)
 - 4. Application Scrutinising charged cum registration fee of Rs.7500/- (non refundable) in the form of demand draft must accompany the application form.

Annex - IV**Format for reporting Performance of Contractor**

Name of the Contractor :

Work Order No.

Name of assignment:

Location of work :

Period of contract : From date To date

Performance Report Period :

Assessment criteria	Marks (0 to 10)	Remarks
Timely execution		
Quality of work		
Responsiveness to the need of employer (like provision of additional work force, willingness to accept additional assignment etc. ; cooperation with employer)		
Average :		

Any other additional remarks having direct relation to performance of the contractor (reasons for failures attributable / not attributable to contractor etc.).

(authorised signatory of Executing Department)

Incharge Contact Cell

< Non Judicial Stamp Paper of Rs. 100>

INTEGRITY PACT

Between

Heavy Engineering Corporation Ltd.(HEC) hereinafter referred to as “The Principal”,

and

.....hereinafter referred to as “The Bidder/ Contractor”

Preamble

The Principal intends to award, under laid down organizational procedures, contract/s forThe Principal values full compliance with all relevant laws of the land, rules, regulations, economic use of resources and of fairness / transparency in its relations with its Bidder(s) and/ or Contractor(s).

In order to achieve these goals, the Principal will appoint an Independent External Monitor (IEM), who will monitor the tender process and the execution of the contract for compliance with the principles mentioned above.

Section 1 – Commitments of the Principal

1. The Principal commits itself to take all measures necessary to prevent corruption and to observe the following principles :-
 - a. No employee of the Principal, personally or through family members, will in connection with the tender for, or the execution of a contract, demand, take a promise for or accept, for self or third person, any material or immaterial benefit which the person is not legally entitled to.
 - b. The Principal will, during the tender process treat all Bidder(s) with equity and reason. The Principal will in particular, before and during the tender process, provide to all Bidder(s) the same information and will not provide to any Bidder(s) confidential/ additional information through which the Bidder(s) could obtain an advantage in relation to the tender process or the contract execution.

- c. The Principal will exclude from the process all known prejudiced persons.
2. If the Principal obtains information on the conduct of any of its employees which is a criminal offence under the IPC/PC Act, or if there be a substantive suspicion in this regard, the Principal will inform the Chief Vigilance Officer and in addition can initiate disciplinary actions.

Section 2 – Commitments of the Bidder(s) / contractor (s)

1. The Bidders(s) / Contractor (s) commit himself to take all measures necessary to prevent corruption. He commits himself to observe the following principles during his participation in the tender process and during the contract execution.
 - a. The bidder(s) / Contractor(s) will not, directly or through any other person or firm, offer promise or give to any of the Principal's employees involved in the tender process or the execution of the contract or to any third person any material or other benefit which he/ she is not legally entitled to, in order to obtain in exchange any advantage of any kind whatsoever during the tender process or during the execution of the contract.
 - b. The Bidder(s)/ Contractor(s) will not enter with other Bidders into any undisclosed agreement or understanding, whether formal or informal. 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 cartelisation in the bidding process.
 - c. The Bidder(s) / Contractor(s) will not commit any offence under the relevant IPC/PC Act; further the Bidder(s)/Contractor(s) will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or document provided by the Principal as part of the business relationship, regarding plans, technical proposals and business details, including information contained or transmitted electronically.
 - d. The Bidder(s)/Contractor(s) of foreign origin shall disclose the name and address of the Agents/ representatives in India, if any. Similarly the Bidder(s) /Contractors(s) of Indian Nationality shall furnish the name and address of the foreign principals, if any. Further details as mentioned in the "Guidelines on Indian Agents of Foreign Suppliers" (enclosed) shall be disclosed by the Bidder(s) / Contractor(s). Further, as mentioned in the Guidelines all the payments made to the Indian agent/ representative have to be in Indian Rupees only. Copy of "Guidelines on Indian Agents of Foreign Suppliers" attached.
 - e. The Bidder(s) / Contractor(s) will, when presenting his bid, disclose any and all payments he has made, is committed to or intends to make to agents, brokers or any other intermediaries in connection with the award of the contract.

- 2 The Bidder(s) / Contractor(s) will not instigate third persons to commit offences outlined above or be an accessory to such offences.

Section 3 – Disqualification from tender process and exclusion from future contracts

If the Bidder(s) / Contractor(s), before award or during execution has committed a transgression through a violation of Section 2, above or in any other form such as to put his reliability or credibility in question, the Principal is entitled to disqualify the Bidder(s) / Contractor(s) from the tender process or take actions like Banning of business dealings etc.

Section 4 – Compensation for Damages

- (1) If the Principal has disqualified the Bidder(s) from the tender process prior to the award according to Section 3, the Principal is entitled to demand and recover the damages equivalent to Earnest Money Deposit / Bid Security.
- (2) If the Principal has terminated the contract according to Section 3, or if the Principal is entitled to terminate the contract according to Section 3, the Principal shall be entitled to demand and recover from the Contractor liquidated damages of the Contract value or the amount equivalent to Performance Bank guarantee.

Section 5 – Previous transgression

- (1) The Bidder declares that no previous transgressions occurred in the last 3 years with any other Company in any country conforming to the anti corruption approach or with any other Public Sector enterprise in India that could justify his exclusion from the tender process.
- (2) If the Bidder makes incorrect statement on this subject, he can be disqualified from the tender process or action can be taken against the bidder.

Section 6 - Equal treatment of all Bidders / Contractors / Subcontractors

- (1) The Bidder(s)/ Contractor(s) undertake (s) to demand from all subcontractors a commitment in conformity with this Integrity Pact, and to submit it to the Principal before contract signing.
- (2) The Principal will enter into agreements with identical conditions as this one with all Bidders, Contractors and Subcontractors.
- (3) The Principal will disqualify from the tender process all bidders who do not sign this Pact or violate its provisions.

Section 7 – Criminal charges against violation by the Bidder(s) / Contractor(s) / Subcontractor(s)

If the Principal obtains knowledge of conduct of a Bidder, Contractor or Subcontractor, or of

an employee or a representative or an associate of a Bidder, Contractor or Subcontractor which constitutes corruption, or if the Principal has substantive suspicion in this regard, the Principal will inform the same to the Chief Vigilance Officer.

Section 8 – Independent External Monitor / Monitors

- (1) The Principal appoints competent and credible Independent External Monitor for this Pact. The task of the Monitor is to review independently and objectively, whether and to what extent the parties comply with the obligations under this agreement.
- (2) The monitor is not subject to instructions by the representatives of the parties and performs his functions neutrally and independently. He reports to the CMD, HEC.
- (3) The Bidder(s) / Contractor(s) accepts that the Monitor has the right to access without restriction to all Project documentation of the Principal including that provided by the Contractor. The Contractor will also grant the Monitor, upon his request and demonstration of a valid interest, unrestricted and unconditional access to his project documentation. The same is applicable to subcontractors. The Monitor is under contractual obligation to treat the information and documents of the Bidder(s) / Contractor(s) / Subcontractor(s) with confidentiality.
- (4) The Principal will provide to the Monitor sufficient information about all meetings among the parties related to the Project provided such meetings could have an impact on the contractual relations between the Principal and the Contractor. The parties offer to the Monitor the option to participate in such meetings.
- (5) As soon as the Monitor notices, or believes to notice, a violation of this agreement, he will so inform the Management of the Principal and request the Management to discontinue or take corrective action, or to take other relevant action. The monitor can in this regard submit non-binding recommendations. Beyond this, the Monitor has no right to demand from the parties that they act in a specific manner, refrain from action or tolerated action.
- (6) The Monitor will submit a written report to the CMD, HEC within 8 to 10 weeks from the date of reference or intimation to him by the Principal and, should the occasion arise, submit proposals for correcting problematic situations.
- (7) Monitor shall be entitled to compensation on the same terms as being extended to / provided to Independent Directors on the HEC Board.
- (8) If the Monitor has reported to the CMD HEC, a substantiated suspicion of an offence under relevant IPC / PC Act, and the CMD HEC has not, within the reasonable time taken visible action to proceed against such offence or reported it to the Chief Vigilance Officer, the Monitor may also transmit this information directly to the Central Vigilance Commissioner.
- (9) The word 'Monitor' would include both singular and plural.

Section 9 – Pact Duration

This Pact begins when both parties have legally signed it, it expires for the Contractor 12 months after the last payment under the contract, and for all other Bidders 6 months after the contract has been awarded.

If any claim is made / lodged during this time, the same shall be binding and continue to be valid despite the lapse of this pact as specified above, unless it is discharged / determined by CMD HEC.

Section 10 – Other provisions

- (1) This agreement is subject to Indian Law , Place of performance and jurisdiction is the Registered Office of the Principal, i.e. Ranchi.
- (2) Changes and supplements as well as termination notices need to be made in writing. Side agreements have not been made.
- (3) If the Contractor is a partnership or a consortium, this agreement must be signed by all partners or consortium members.
- (4) Should one or several provisions of this agreement turn out to be invalid, the remainder of this agreement remains valid. In this case, the parties will strive to come to an agreement to their original intentions.

(For & On behalf of the Principal)

(For & On behalf of Bidder / Contractor)

(Office Seal)

(Office Seal)

Place.....

Date.....

Witness 1 :
(Name & Address)

Witness 2 :
(Name & Address)