



KAMARAJAR PORT LIMITED
(A MINI RATNA Govt. of India Undertaking)

WORKS MANUAL



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CHAPTER – 1

Introduction

- 1.1 The scope of this manual is applicable to all the works executed by various departments of KPL
- 1.2 The procedure applies to all works executed through contractors where payment is made on the basis of measurement of work and/or on a lump sum basis as may be provided in the contract. All the works involving construction and maintenance of civil works, Marine services, Dredging, water supply, drainage,, electrical, house keeping, canteen, horticulture works, and other assets, are to be regulated in accordance with the procedure prescribed in this manual. This also covers contract for services, consultancies and other related works. The examples are only to mention a few and this manual covers all kind of works.
- 1.3 The power to sanction expenditure in respect of works is subject to a provision in the approved budget. The Delegation of Authority also provides for power of re-appropriation from one head to another head, and power to incur expenditure in emergencies.
- 1.4 For various stages relating to the incurring of expenditure and dealing with matters arising out of works contracts, financial limits have been prescribed in the Delegation of Authority. Delegation of Authority also indicates the cases where Finance Concurrence is required.
- 1.5 Administrative Approval shall be obtained as per the Tender Procedure Manual and Delegation of Authority.
- 1.6 The procedure for initiation of contract is covered under Tender Procedure Manual.
- 1.7 All amendments to the contract such as variation in quantity, extra items, time extension, suspension and termination shall be as per DoP, Tender Procedure Manual and General Conditions of Contract.
- 1.8 The circulars issued by CVC / CVO from time to time shall form part of this manual.
- 1.9 Wherever this manual does not address, issues / situations / circumstances, CPWD works manuals will be perused / followed as the case may be.

CHAPTER – 2

Abbreviations

KPL	-	Kamarajar Port Limited
CMD	-	Chairman cum managing Director
DOP	-	Delegation Of Power
GCC	-	General Conditions of Contract
SCC	-	Special Conditions of contract
PQC	-	Pre-Qualification Criteria
W O	-	Work Order
WR	-	Work request
IWL	-	Inspection Work List
FC	-	Finance Concurrence
EMD	-	Earnest Money Deposit
EPF	-	Employee Provident Fund
ESI	-	Employee State Insurance
AHR	-	Abnormally High Rate
ALR	-	Abnormally Low Rate
EIC	-	Engineer In-Charge
MB	-	Measurement Books
MIS	-	Management Information System
EPC	-	Engineering Procurement and Construction
NOA	-	Notice of Award
LOI	-	Letter of Indent
TC	-	Tender Committee
PMC	-	Project Management Consultant

CHAPTER – 3

Approval of Work

The works are generally initiated based on the following

- a) Plan and Non-Plan projects
- b) Inspection Work Lists
- c) Work request from user Department
- d) Recommendations of Internal / External audits
- e) Work Identification through surveys / Port visit.
- f) Preventive Maintenance Schedule / Condition monitoring recommendations
- g) Statutory Requirement
- h) Departmental meetings
- i) Developmental and Asset Management initiatives

The executing department shall make the proposals for the implementation of work and the initiating Department shall provide the required details as and when required. The initiating department shall obtain the budget approval for the modification and new schemes. A work order shall be generated in the ERP system for individual work. Sub-Work orders shall be generated, if more than one Department/ Section is responsible for the execution.

The work order is generated with the following details Name of the work and Group Location. The budget approval for a scheme shall be made as per the Delegation of Authority. After obtaining the budget approval, the Technical sanction and estimate approval of individual works shall be obtained as per the Tender Procedure Manual and delegation of Authority.

The estimate approval note shall contain the following

- a) Name of the work
- b) Location / Cost Center
- c) Budget provision with reference to the number of the corresponding cost appearing in the budget and the amount provided in the approved budget estimates.

- d) Back up details for the quantities with detailed estimate.
- e) Total amount of the estimate.
- f) Brief history and justification for the work to be taken up and financial viability of the proposal, wherever applicable.
- g) Scope defining clearly the details of the work to be undertaken as per the estimate.
- h) Basis for rates considered in the estimate.
- i) Time estimated for commencement and completion of work. In case of shutdown jobs with an estimated cost of Rs.1 crore and above, a BAR chart should be attached.

CHAPTER - 4

Tendering

Tendering and award of contract shall be done as per the Tender procedure Manual and Delegation of Authority (DoP).

Normal & Routine Works

Concerned Executing Department/Indenting Department shall carry out the Tendering and award of contract for all works.

Emergency Works

In case of emergency and non availability of rate contracts, the executing department/Indenting Department shall commence the work as per the Tender Procedure Manual and Delegation of Authority.

Evaluation

Civil, Electrical, Mechanical, Marine and Project implementation works shall carry out the Technical Evaluation by respective Department as per DOP.

CHAPTER – 5

Engineer-In-Charge

- 5.1. As and when the Letter of Acceptance is issued by the authority accepting the tender, the work order shall also indicate the Engineer-in-charge for the work, who will perform the functions and exercise the powers of Engineer-in-charge as per the conditions of the contract.
- 5.2. The Engineer in charge shall be nominated as per the following criteria
- a) Up to Rs.10 lakhs – Asst .Manager
 - b) Upto Rs.50 lakhs - Dy. Manager
 - c) Up to Rs. 100 lakhs – Manager
 - d) Up to Rs. 500 lakhs - Senior Manager / Chief Manager
 - e) Above Rs.500 lakhs – Dy. General Manager

However CMD shall nominate the Engineer-in-charge / Officer In-charge, based on the nature of work in the absence of positions as listed above.

- 5.3. The Engineer in charge shall appoint one or more site engineers
- 5.4. The Engineer-in-Charge on receipt of the copies of the Letter of Acceptance and the agreement will study the special conditions of the contract, specification and scope of the work to ensure that the work is executed strictly as per the tender conditions/ contract.
- 5.5. Engineer-in-Charge shall co-ordinate with the issue of materials under the scope of the owner's supply to the contractor in time.
- 5.6. The Engineer in charge shall plan the work in consultation with the contractor, to complete the same within the stipulated time and make available the work front to the contractor in time to enable him to execute the work without delay. A time schedule for completion of various stages of the work should be drawn up and got duly signed from the representative of the contractor.
- 5.7. As soon as the contractor or his authorized representative reports to Engineer-in-Charge for taking up the possession at the site, he shall explain to the contractor about the procedure for obtaining entry passes and about the following statutory & Safety requirements.

- a) Statutory Provisions
 - b) Obtaining of Licence under the Contract Labour (R&A) Act 1970
 - c) Coverage of the contractors' labourers under ESI Act, 1948 and EPF Act, 1952.
 - d) Maintenance of various records and registers under the above statutory provisions including of maintenance of Wage register.
 - e) Safety Requirements
- 5.8. The Engineer-in-Charge shall also make arrangement for providing land for temporary office, store, etc to the contractor and specify the substation for obtaining power and point for tapping water supply if it is to be provided by the owner. The Engineer in charge shall ensure the installation of suitable meters to measure the power, utilities, water etc., wherever the same is in contractor's scope.
- 5.9. The Engineer-in-Charge shall forward the request of the contractor for issue of entry passes to the labourers to the concerned department after obtaining due authorization. The contractor may also be advised to approach the concerned department for obtaining necessary entry passes after adhering to the required procedures.
- 5.10 The Engineer in Charge shall ensure that the contractor complies with the following requirements, till the completion of the job.
- (i) Possession of valid license issued by the competent authority under the Contract Labour (R&A) Act 1970 by the contractor (Including renewal of license).
 - (ii) Possession of separate EPF and ESI code number in the name of the contractor.
 - (iii) Timely remittance of ESI/EPF contributions by the contractor in respect of the labourers deployed by him.
 - (iv) Maintenance of the required records under the respective statutory provisions.
 - (v) Submissions of copies of ESI/EPF Challans every month by the contractor along with a statement showing the details of contributions remitted;
 - (vi) Registration under Sales Tax Act. / Service Tax Act.
 - (vii) Income Tax Permanent Account Number
 - (viii) Wage register / Attendance register.

- 5.11 The Engineer-in-Charge will also obtain from the contractor a list of equipment, which he is to deploy at the site and ensure that the equipment and manpower are sufficient for execution of the work as stipulated in the contract.
- 5.12 The Engineer-in-charge shall ensure the quality of materials and works as specified in the contract.
- 5.13 Engineer-in-Charge should not allow any variation in the terms and conditions of the contract at the time of execution of the contract. In case where deviations are required in the interests of the work, the same should be done with the approval of competent authority as per Delegation of Authority.
- 5.14 Engineer-in-Charge should also ensure that the quantum of work executed is as per Contract. No increase in the quantity / value of work done beyond the quantity and value mentioned in the contract should be allowed. In case, increase is unavoidable in the interest of the job to be executed, proper approval from competent authority is required to be obtained as per Tender Procedure Manual / DOP.
- 5.15 The Engineer in Charge shall forward the contractor's request for the issue of Form-V to the concerned authority to enable the contractor to apply for the license.
- 5.16 The Engineer in charge shall intimate the date of commencement and completion of the job by the contractor to the concerned authority in the prescribed forms.
- 5.17 The EIC will also obtain the list of equipment and its statutory compliance throughout the contract period from the contractor.

CHAPTER – 6

Records to be Maintained by Engineer-In-Charge

- 6.1 After all the formalities have been completed and the contractor is in a position to start the work, the Engineer-in-Charge will keep a register (Work Progress Register, Hindrance Register) in which the date of start of the work should be noted and all remarks regarding the progress of the works are recorded therein. (This is applicable for all contracts more than Rupees Ten Lakhs)
- 6.2 The Engineer-in-Charge will also maintain a register of the material issued to the contractor if any. All the material requisition signed by him should be entered serially and this register should be utilized for preparation of the material consumption statement for submission with the final bill by the contractor. Wherever the material issues are through ERP system, separate register is not required.
- 6.3 Engineer-in-Charge will also ensure that the required tests are carried out at regular interval to ensure the quality of work. The information regarding this shall be mentioned in the work progress register.
- 6.4 The Engineer-in-Charge shall monitor all the recoveries due from the contractor either for the cost of material supplied, equipment given on hire, land rent, recoveries charges for electricity and water supply, telephone, transport or any other recoveries. Remarks for deduction made in each Running Accounts Bill should be noted.
- 6.5 Finance Department shall generate a MIS on a monthly basis to monitor the Performance Bank Guarantees submitted by the contractor and wherever required Bank Guarantees is to be got extended by the contractor well in time. Wherever extension / encashment in BG is required, advance intimation shall be given to the contractor through EIC before the expiry of BG. In case any BG is to be encashed, intimation should be given by the Engineer in charge to Finance for necessary action.
- 6.6 The Engineer-in-Charge should also monitor the extra items ordered to the contractor by giving details of justification for it and the basis of fixation of rates should be noted before it is sent to Finance for concurrence and for obtaining approval of the competent authority.

- 6.7 If the contractor executes any sub-standard / incomplete work, which is otherwise acceptable, the Engineer-in-Charge shall suggest reduction in the rates as penalty. An analysis for reduced rates should be sent to the Finance Department along with running account bill of the contractor. The acceptance for such works shall be obtained from a competent authority.
- 6.8 The Engineer-in-Charge shall also keep records of any extra claim made by the contractor in respect of: any changes or modifications in the design or specification of the work. The details of such claim should be obtained from the contractor and sent to Finance Department for concurrence (if required under DOP) with his comments.
- 6.9 In case the contractor's work is delayed due to any reason beyond the control of the contractor, his request for extension of time should be processed and submitted to the competent authority for the approval as per Tender Procedure Manual and DoA. The delays are to be recorded in the hindrance register along with reasons. On receipt of approval, the Engineer in Charge may forward the request of the contractor for extension of the entry passes already issued.
- 6.10 At the close of the month or on any agreed date, the work done by the contractor should be measured and R.A bill in the prescribed form should be submitted after the contractor has accepted the measurements. The bills should be submitted along with recovery statement and all necessary certificates regarding quantity and quality of work done.
- 6.11 The final bill should be completed with all the certificates and statements such as completion certificate, material reconciliation statement, excess and saving statement, list of the extra items, extra claims, recovery statement and a certificate that the contractor has returned all the passes / Access control cards issued to the labour along with an undertaking that the contractor has complied with various statutory provisions should also be sent.
- 6.12 The contractor should also sign a certificate that after the payment of final bill, he has no other claim and he accepts the bill as full and final settlement of all his claims.
- 6.13 After the work has been completed and accepted, the same should be taken over and entered in the register of fixed assets, wherever applicable and handed over to the concerned Department for its future operation / maintenance.

- 6.14 The above provisions shall also be applicable to and complied with by the Resident Construction Manager/ by the consultants wherever the work of construction supervision has been entrusted to an outside agency. A copy of these paras should form part tender document / contracts entered into with the consultant.
- 6.15 Engineer-in-charge shall ensure strict compliance of safety norms by the contractor. Engineer-in-charge shall also maintain a record of penalties / rewards awarded to the contractor and ensure its implementation.

CHAPTER - 7

Measurement of Work & Payment of Bills

7.1 Measurement Book / Sheets

- 7.1.1 All payments to contractors whether for work measured, advance payment or secured advance shall be made only after recording the entries in the measurement book / measurement sheet.
- 7.1.2 Measurement books can be any of the following:
- a) Bound Measurement Books
 - b) Loose-leaves Measurement Books
 - c) Measurement Sheets-cum-Bill Form.
 - d) Computerized MB
- 7.1.3 Bound MBs shall be maintained in the form as per Annexure (WP01.01 to WP01.04)
- 7.1.4 Loose-leaves Measurement Books shall be maintained in form as per Annexure (WP01.05, WP01.06)
- 7.1.5 The Bound MBs shall be printed and kept in the custody of Execution Department. All these books shall be numbered and all the pages of the MBs shall be serially numbered. The MBs when received from the Press shall be entered in the MB register to be kept as per form in Annexure (WP01.06).
- 7.1.6 The Department concerned shall also maintain a register indicating Sl.No.of MBs issued to the concerned engineers showing the Sl. No. of each MB, the name of the work for which it is issued, date of issue and date of return from the engineer and date of submission to Finance Department for record. A separate MB to be issued for measurement of each job wherever more than one RA bill is envisaged.
- 7.1.7 The Loose-leaves measurement book shall be maintained as per the instructions given in Annexure (WP01.07). All the copies of the Measurement Books serially

numbered and after completion of the work shall be got bound serially. Other records shall be maintained in the same manner as for the Bound Measurement Books.

7.2 Recording of Measurement

7.2.1 While recording the measurements, following instructions shall be observed:

- (i) The persons authorized by the Engineer in Charge shall record the measurement
- (ii) Before recording the measurements, name of the work given in the work order, location of work, the name of the contractor, the number and date of agreement, the date of actual commencement of work, date of completion and the date of measurements shall be written in the measurement books.
- (iii) Entries shall be recorded continuously. No blank pages shall be left or torn out. Any pages left blank while recording the measurements shall be cancelled and the cancellation shall be attested by the officer not below the rank of Manager.
- (iv) All entries shall be made in ink. No entries shall be erased. In case a mistake is made in writing down the measurement, it shall be corrected by crossing out the incorrect words and figures and writing the correct figures in words duly attested and initialed by the person taking the measurement. Cancellations shall be signed by the officer ordering such cancellation or a reference of his orders in writing shall be recorded on the measurement books. Use of white fluid is prohibited.
- (v) Each measurement book shall give an index in the beginning indicating the name of the work and its pages wherein measurements for various work components have been recorded and the index shall be kept up-to-date.
- (vi) The quantities shall be indicated clearly and accurately. The measurements shall show the quantities executed by the contractor after the last measurement along with the cumulative quantities executed for the work. When the work is completed the date of completion shall be clearly indicated.
- (vii) With the Competent Authority's Approval, the persons authorized by the Engineer in Charge shall record the measurement other than the Measurement Books for specialized works in Marine Department.

7.3 Checking of measurement by superior officers

7.3.1 All measurement records by a subordinate officer in-charge of the work shall be test checked by a superior officer according to the percentage decided at the unit

level with the approval of the competent authority. Check measurement is applicable for single bill above Rs. 10 lakhs. The check measurements shall be as follows

- a) 50% of the value by immediate superior officer of the person who has taken initial measurement.
- b) 10% of the value shall be by next superior officer.

It shall be the responsibility of the Engineer-in-Charge / Departmental Head to ensure that the percentage of checking prescribed has been followed by the Engineer/staff. Under no circumstances, the checking by superior officers is dispensed with.

Checking officers should indicate the percentage of check made by them in words "checked and found correct" in the measurement book / sheet.

7.3.2 Following principles shall be kept in view while conducting test checks of measurements recorded by subordinate officers:

- a) Concealed items shall be subjected to a higher percentage of check as may be considered adequate by the Engineer-in-charge.
- b) Items to be selected for checked by the superior officers shall be those where the item rates are high and/or AHR items.
- c) The superior officer shall also ensure that the subordinate officer / officers have exercised the requisite percentage check envisaged.

7.4 Contracts with Consultants:

Generally, contract with consultant stipulates that consultant shall certify quality and quantity of work, performed by contractors and perform all duties of Engineers-In-charge as per respective contracts. However, KPL officials should also exercise control with respect to BOQ, cost and time over run and countersign the bills certified by the consultants.

7.5 Preparation of Bills

7.5.1 All payments for work done shall be made on bills prepared on the printed bill forms to be provided by the KPL. Following forms of bills shall be used for various payments against work measured.

(i) Measurement-cum-Bill Form (Annexure) (WP02.01):

This form shall be used in respect of contracts (costing less than Rs. 5,00,000) where the measurements are very few. This form provides both for recording of measurement as well as certificate of payment. In such cases no separate measurement book is required.

(ii) First and Final Bill Form (Annexure (WP02.02)):

This form shall be used for making payment to the contractor when a single payment is made for the work done.

(iii) Running Account Bill and Final Bill Form (Annexure (WP02.03)):

This form shall be used for making Running Account payments and Final payments to the contractor against work done and measured including those relating to lump sum contracts.

7.5.2 Before a bill of a contractor is prepared, entries in the measurement books / sheets relating to the description and quantities of work executed shall be scrutinized by the executing Department and their arithmetical calculations shall be checked. Thereafter an abstract of all measurements shall be prepared giving executed quantities against each item of work mentioned in the contract. The abstract shall contain a reference to the page number of Measurement Books / sheets. Thereafter the entries in the abstract shall be transcribed on the bill. While giving the rate it should be kept in view that the rates should match with those given in the contract and the reasons for variations if any shall be recorded. If an item executed in part for reasons not attributable to the contractor, part payment can be paid for the same after establishing reasonability and getting the same approved by authority as per DoP.

7.5.3 In case of the lump sum contracts or turn-key contract where terms and conditions provide for intermediate payments based on completion of milestone as defined in the payment terms / billing schedule, such intermediate payments shall be made on the basis of the certificate of the Engineer-in-Charge that such percentage of work has been completed. The form of the bills is given in Annexure (WP02.04).

7.5.4 The bill shall be signed and certified by the Engineer-in-charge specifying the amount both in figures and words which is payable to the contractor in the prescribed format / rubber stamp.

7.6 Recoveries

Following are the types of recoveries, which are normally required to be made from the bills of the contractors:

- a) Chargeable material if any issued to the contractors.
- b) Recoveries on account of water supply, electricity, land rent, etc. whichever applicable.
- c) Hire charges of equipments provided by the KPL.
- d) Recoveries on account of telephone charges, transport charges etc.
- e) Recoveries on account of advance payments.
- f) Recoveries towards interest on advance payment, if any, as per the contract
- g) Recoveries on account of security deposit.
- h) Recoveries on account of penalty.
- i) Recovery of Income Tax at source / works contract tax / any other applicable tax.
- j) Recoveries on account of price reduction clause towards delay in execution.
- k) Any other miscellaneous recoveries required to be made shall also be effected from the bills of the contractor.
- l) Any other recoveries as advised by other departments.

7.7 Pre-requisite slip

7.7.1 A "Pre-requisite slip" (Annexure (WP02.06)) indicating the name of the work, contractor, sanction number and date, percentage of check measurements exercised by various officers, date of commencement, date of completion wherever applicable, extension granted if any, shall be attached with each Running Account Bill. The pre-requisite slip shall be signed by Engineer-in-charge.

7.8 Verification by Engineer-in-Charge

7.8.1 The bill shall be forwarded to the Finance Department through the Engineer-in-Charge.

- (i) In case any extra item is included in the bill, it shall be ensured that the same has been approved by the competent authority as per the provisions of the Delegation of Authority/Power.
- (ii) Variation in the quantities: Approval of the competent authority shall be obtained before submitting the bill to the Finance Department

- (iii) It shall be ensured that the representative of the contractor signing the bill and MB has the requisite Power of Attorney.
- (iv) Judicious restraint needs to be exercised in respect of AHR (Abnormally High Rate) and ALR (Abnormally Low Rate) items.
- (iii) Proof of remittance of ESI/EPF contributions by the contractor (Copies of Challans) along with statement of the contractor.

7.9 Payment of bills

7.9.1 Bills received in Finance Department shall be properly scrutinized and checked before payment is released. Besides the general check on procedural matters, following points shall be kept in view while checking the bills:

- a) Description of the item of work and the rates will be the same as given in the work order.
- b) The quantity of work executed shall not exceed the estimated quantity of the work as per contract. However, wherever exceeded approval for excess quantities shall be obtained.
- c) The work should have been taken up and completed within the period stipulated in the contract subject to the extension granted by Engineer-In-Charge. In case extension has not been granted, a letter should be issued to the contractor by Engineer-In-charge that the release of Running Account payment does not mean that extension has been granted and contractor is permitted to perform the job without prejudice to the rights of the owner under the contract. In such cases, payment is released after retaining price reduction amount for the quantum of the work done in the subject RA bill.
- d) If there are any extra items executed by the contractors, the rates for such extra items and amount shall be duly approved by the competent authority.
- e) The contractor or his authorized representative shall sign the measurement book / sheets and the bill in token of acceptance of the measurement and payment.

- f) All the recoveries, which are due from the contractor, shall be made from the bill as indicated by the Executing Department or as are required to be made as per records in the Finance Department.
- g) In case of running account bills, the same shall be compared with the previous bills to ensure that up-to-date quantity and payment particulars are correctly recorded in the bill.
- h) To check that the prescribed certificates, wherever applicable as per DoP, have been given by the concerned Department.
- i) If any rebate is deductible on account of prompt payment, the same shall be adjusted before the bill is passed for payment.
- j) Bills shall be checked for its arithmetical accuracy.
- k) Before passing the bill, it is to be ensured that all the bank guarantees submitted by the party are valid and whenever required advance action to be taken for obtaining extension of bank guarantees, if any, by Engineer-in-Charge. Finance shall advise the EIC in advance about the extension of BG.
- l) Disbursement of payment to the contractor shall be made as per the Contract Agreement.
- m) Whenever the payment is made on the basis of labour hours, the bill should be supported by attendance-cum-payment roll of the contractors' labor duly certified by KPL representative alongwith compliance certificate to statutory requirements.

7.10 Final bill of the Contractor

7.10.1 When a final bill of the contractor is submitted, the following requirements shall be complied in addition to the requirements applicable to the running account bills.

- a) A deviation statement shall be prepared by the Execution Department showing the quantity and cost of each item of work executed as compared to the estimated quantities and amount of the contract giving reasons for excesses and savings.
- b) A completion certificate stating that the work has been completed in all respects strictly according to the specifications given in the tender documents.

- c) A final statement of recoveries along with a certificate that no other amount is recoverable from the contractor on any account.
- d) A certificate from the contractor shall be recorded on the abstract measurement book / sheets and on the final bill that he has no further claims than those given in the final bill and that he accepts the payment in full and final settlement of all his claims.
- e) A material reconciliation statement if any shall be given by the executing Department indicating the details of issue voucher reference numbers, quantity issued, quantity utilized and returned along with material return voucher number and the amount chargeable to the contractor for non-return/ excess consumption of materials in accordance with the terms of the contract. The quantity of theoretical consumption as indicated by the Engineer in- Charge in the material reconciliation shall be accepted and need not further be verified in Finance Department.
- f) An undertaking from the contractor that he has discharged all his statutory obligations like ESI/EPF and Contract Labour (R&A) Act 1970 and he would indemnify the owner if there is any demand against KPL on this account.

7.11 Payment of final bills

7.11.1 Following additional checks shall be exercised by Finance Department in respect of final bills:

- a) That the certificates and statements required to be submitted by the Execution Department along with the final bill have been submitted.
- b) The material reconciliation statement shall be checked with reference to the records available in the Finance Department.
- c) It shall be seen that the work has been completed by the contractor within the stipulated period or within such extended time as granted.
- d) In case of time over-run in the execution, Finance Department has to check whether extension of time has been granted by the competent authority. If not, an amount equivalent to price reduction should not be released till the receipt of approval of extension of time from competent authority.
- e) To see that the total cost of completed work is within the sanctioned amount for the work and in case if there is exceeding the work order value, then the approval from Competent Authority as per Delegation of Authorities/Power is to be obtained.
- f) To see that the rates for all extra items included in the bill have been duly approved with the concurrence of the Finance Department.

- g) To see that if any special certificates are required from any statutory authorities as per contract the same have been received and attached or a certificate thereof has been given by the Execution Department.
- h) To see that the party has given the Performance Guarantee if required as per the terms of the contract and its validity.
- i) To see Bank Guarantees submitted for Security Deposit is valid upto defect liability period and all statutory deductions are made.

7.11.2 The following timeline in passing and payment of Running Account (RA) bills will generally be adopted unless the Contract Agreement otherwise provides

- (a) Engineer / PMC : within 7 working days
- (b) Indenting Department : 7 working days
- (c) Finance Department : 7 working days (For adhoc payment)
14 working days (for balance payment)

For final bill, reasonable timeliness is to be adhered.

CHAPTER – 8

Advance / Adhoc Payments and Other Aid to Contractors

- 8.1 Advance payments to the contractors as a rule are discouraged and every effort shall be made to maintain a system under which payments are made only for the work actually done, measured and verified for payment by the Engineer-In-charge. However, in certain cases where it becomes necessary in the interest of work to make advance payments or to give other financial aids to the contractors, the same shall be regulated in the manner prescribed hereinafter.
- 8.2 When Running Account bill is received in the Finance Department duly verified for payment by the Engineer -in- Charge and passed by the competent authority and there is likely to be some delay in authorizing the payment for some special reasons, adhoc payments can be made on the recommendation of the bill passing authority on receipt of an application from the contractor for part payment. Such advances shall be paid on prescribed form of bill subject to the following conditions:
- (i) The bill must be received in Finance Department and should be under checking after it has been duly verified by the Engineer-Incharge and passed by the competent authority.
 - (ii) The contractor should apply for such part payment in writing giving an undertaking that if the amount of advance paid to him is subsequently found to be more than the amount of running account bill in respect of which the advance is paid, he will refund the overpaid amount to the Company forthwith.
 - (iii) The amount of such advance shall be limited to 75% of the net amount payable of the running account bill under checking and no interest will be charged for such advance payment paid.
 - (iv) The payment shall be suitably endorsed on the running account bill as well as on the measurement book and the prescribed certificate of the Engineer-in-charge as applicable in the case of adhoc payments is required.
- 8.3 In case there is likely to be delay in recording the measurement for the work done, adhoc payment restricted to 75% of the value of work done but not measured can be made on the recommendations of the Engineer in- charge. Such adhoc payment shall be made in the prescribed form of the bill after obtaining a certificate of the Engineer-in-charge as prescribed in the Bill Form and recorded in the measurement book / sheets.

If possible such adhoc payment shall be made against specific items of the work as given in the contract.

- 8.4 In case where there is a contract for complete item of work including supply of material by the contractor and the provision in contract for advance payment, the EIC can sanction advance on the security of material brought to the site provided the same are of imperishable nature. Secured advance for materials shall be paid only in those contracts in which such a clause, specifying list of materials for which secured advance is payable, has been provided for in the contract. Such advance can be paid only on such materials which are required to be used in the work as such or after conversion and brought to site by the contractor, provided the contract is for finished work and the items are of imperishable nature. However, for materials not covered in the Annexure (Category A & B) and for which it may be necessary to include the same for payment of, secured advance, specific approval of competent authority is to be obtained while preparing tender documents before inclusion in the relevant clause of SCC. The amount of such advance shall not exceed 75% of the value of material as assessed by the Engineer-in-charge. Such advance shall be paid after hypothecation bond is executed by the contractor in the prescribed form on stamp paper of appropriate value.
- 8.5 Payments of advance against materials brought to site shall be made only on a certificate that the quantity of materials against which the advance is paid have been actually brought to site and that the contractor has not received any advance previously on the security of the same materials and all materials are required by the contractor for use in the work for which finished work rates have been agreed to in the contract. The Engineer-in-Charge granting such certificate shall be held responsible for any over payments. Such advances shall be recovered as soon as the material is consumed in the work.
- 8.6 In such works where heavy investment is involved on the part of the contractor for purchase of equipment, materials or construction of office and staff quarters, payment of recoverable mobilization advance against the security of Bank Guarantee/ Insurance Guarantee upto a certain percentage of total value of work can be agreed to after obtaining the approval of the competent authority as per Delegation of Authority/Power Such advances can only be made if it is expressly provided in the contract. Recovery of mobilization advance shall be made in the manner provided in the contract from each running account bill. In case where mobilization has been agreed to in the contracts clause shall be provided in the contract stating that KPL reserves the right to recover

mobilization from the bill in full or by a higher percentage if the progress of the work is not according to the terms and conditions of the agreement. Income tax under Section 194(C) shall be deducted from the mobilization advance. Interest, if any, to be recovered on the mobilization advance shall be calculated till the date of passing of bill and not with reference to the date of submission of the bill to Engineer-in-Charge. The recovery of interest shall continue till full recovery of the advance is made.

8.6.1 However, if the submission of bill to Finance delayed by Engineer-in- Charge due to any reason not attributable to contractor, interest for mobilization or other advance to be calculated in the following manner:

RA Bill : Upto the date of submission of RA bill plus notional 15 days for passing of bill

Final Bill: Upto the date of submission of final bill plus notional three months for passing of final bill.

Approval of competent authority is required to be obtained for such relaxation.

8.6.2 The mobilization advance shall be paid only if the contractor signs the contract agreement, furnishes the initial security deposit and the necessary bank guarantee, if any.

8.6.3 In exceptional cases in the interest of the work, materials & consumables can be supplied to the contractor even though it is not required to be supplied in accordance with the terms and conditions of the contract. In such cases, recoveries shall be made from the bills of the contractor, at the cost thereof to the owner plus 15% (30 % in case of other than contractors) of such cost to cover the owner's overheads or at the market price thereof at location of supply by the owner as determined by the Engineer-in-Charge, whichever is higher. Reasons for supply of material in special cases shall be recorded in writing and rates to be arrived with finance concurrence.

CHAPTER - 9

Provisions Relating to Contractual Conditions/ Obligations

9.1 General Conditions of Contract (GCC)

The General Conditions of Contract shall form part of the Tender Documents. Explanatory notes on certain salient conditions are dealt as envisaged in the particular contract.

9.2 Post Contract Issues

Post contract issues where ever unconditional LOI is placed in line with the agreed tender / bid conditions will require deliberation by the tender committee and submitted for approval of the competent authority as per DoP.

The post contract issues will be governed by the individual actual order / contract value and not on the basis of original tender value. Thus, in other words CTAA in whose powers the individual actual order value falls would be empowered to decide on the post contract issues. However, it shall be ensured that the decision of the authority with whose approval the original contract was awarded is not undone.

9.3 Timeline for Placing/Termination of Work Orders / Contracts

9.3.1 Placing of Work Orders / Contracts

LOIs /orders shall be placed within 45 days from bid (techno-commercial in case of two-bid system) opening.

9.3.2 Closing of contract / Termination of Work Order / Contract shall be as per the contract provisions and approval of competent authority as per DoP.

9.4 Backing Out By L-1 Bidder

In case LOI/NOA placed is not accepted by the L1 bidder or the Performance Bond is not submitted as per the terms of the contract within the time specified in the bid document, the bid bond shall then be forfeited and the firm shall be put on holiday for two years depending on the merit of the case and the case shall be processed as per guidelines in vogue. In such an eventuality, competent authority may decide with the recommendation of constituted committee if any, for re-tendering in a fair and

transparent manner in the interest of work.

9.5. Extension in Time & Levy / Waiver of Liquidated Damage

9.5.1 Extension in mobilization/Completion Period, while granting extension in date, the following points should be taken into consideration:

- i. Has user / indenter specifically stated that no extension of time should be allowed or that he should be consulted before such an extension is allowed?
- ii. If the contract has been entered into at higher prices because of the assurance of earlier completion, but the contractor has failed to complete the work within the agreed schedule, in such cases the amount paid by way of such price preference should be recovered from the contractor.
- iii. Whether contract / services can be arranged easily at cheaper rates from an alternative source and in this case whether the user / indenter can reasonably wait to take advantage of this or of any downward trend in prices generally.
- iv. All extensions are to be granted subject to the right of KPL to claim a reduction in prices on account of reduction in statutory duties/taxes etc. which may take place during the extended period of delivery. However, increase in prices during extended delivery period on account of increase in statutory duties/taxes etc. admissible under change in law clause shall be granted, only if extension is due to delay on the part of KPL.

9.5.2 When it is decided to extend the completion period subject to the recovery of liquidated damages for delay in contract, the contractor must be warned in writing. Merely stating that extension is granted without prejudice to the rights of KPL under the terms and conditions of contract, is not enough. Normally, extension in delivery period will be communicated to the firms.

Following procedure shall be followed for grant of extension of Delivery / Mobilization / Completion date

- i. In cases where the delivery/work is not likely to be completed within the contracted schedule and cancellation/termination of contract is not contemplated, the time of delivery/completion should be suitably extended as per instructions given hereunder, before the expiry date of mobilization/delivery/completion, in order that the contract shall continue to be in force and the contractor remains liable to execute the contract.
- ii. Any extension due to entire delay being solely on account of contractor / supplier will be decided by competent authority, on recommendation by the indenter. This extension will be with levy of LD as per the terms of contract,

provided the indenter confirms continued existence of the requirement. No tender committee is required in this case. No financial concurrence is required. Normally, such extension will be communicated to the contractor in the format given at Annexure-I.

- iii. Any extension, where delay either in part or full may be on account of KPL, will be granted by the Competent Tender Accepting Authority, on recommendation by the indenter with KPL reserving right to levy LD, provided the indenter confirms continued existence of the requirement. No tender committee is required for such decision. No financial concurrence is required. Normally, such extension will be communicated to the contractor.

The amount of LD shall be withheld on the proportionate basis, by finance, from the bills of supplier/contractor, while releasing payments.

On completion of delivery/work, a joint statement duly signed by both KPL and Contractor will be prepared (User at one level below competent authority shall be competent to sign such statement). However, the concerned Officer of indenting/executing department shall have full powers and shall be competent to sign such statement for all cases where competent authority and above), clearly indicating the extent of delay, the reasons there for and the party accountable for the delay. Proposal for time extensions shall be considered and approved by the Competent Authority as per DoP.

Time extensions shall be granted at LD rate as per the provisions of Work order/Contract and delay attributed to the contractor is not condoned either in part or full. LD if applicable or imposed / levied on completion of contract, the contract value shall be considered as completed contract price.

- iv. Notwithstanding anything stated in the foregoing paras, as a rule, no extension should be given for a period of more than one year beyond the originally scheduled date of delivery/mobilization/completion date. In case the extension of more than one year is unavoidable, the approval of competent authority must be obtained.
- v. Normally the cases involving extension due to delay on account of contractor/supplier shall be considered with levy of LD at the rate as per contract terms and without condoning any delay attributed to the contractor. However, in compelling circumstances beyond the control of supplier/contractor or where the past record of contractor/supplier is excellent in terms of meeting their commitments, a holistic view may be taken for considering waiver of Liquidated Damages. Any proposal, with full justifications, for waiver of LD rate in such cases, and/or condone the delays attributed to contractor shall require the approval of Competent Authority, on the recommendations by the committee constituted by the competent authority.

9.5.3 Construction / Turnkey Project

In case where company (KPL) takes over certain facilities for the envisaged objectives, which can be commissioned and can function independently irrespective of the availability of balance work of the project, KPL may issue part completion certificate by taking over such facilities without imposing LD. Where such facilities cannot be commissioned and cannot function independently, LD in that event will be levied on full value of the project.

9.5.4 Review of earlier decision

In case any Tender Accepting Authority finds it necessary to revise his own earlier decision of imposing liquidated damages and to waive recovery thereof, he should obtain the approval of the next higher Authority for doing so.

9.6 Liquidated Damages / Cancellation

9.6.1 No liquidated damages clause will be inserted in the contracts upto Rs. 1.00 lakh and in the contracts dealing with Consultancy Services and such contract should provide for cancellation clause.

9.6.2 In case of works/materials/service contracts exceeding Rs. 1.00 lakh, liquidated damages will be applicable @ 0.5% of the contract order value per week or part thereof, for delay in contract completion date subject to a maximum ceiling of 10% of contract order value.

9.7 Liquidated Damages / Failure and Termination

9.7.1 Time and date of completion shall be essence of the contract. If the contractor fails to complete the contract or any part thereof within the period fixed for such completion in the schedule or at any time repudiates the contract before the expiry of such period, KPL may, without prejudice to any other right or remedy available to him, recover damages for breach of the contract.

9.7.2 Recover from the Contractor / Supplier as agreed liquidated damages and not by way of penalty, a sum equivalent to:

9.7.3 KPL may cancel the contract / order or a portion thereof, by serving prior notice of 14 days to the contractor, unless during these 14 days notice period the contractor initiates remedial actions acceptable to KPL and recover LD and forfeit security deposit made by contractor besides getting the work completed by other means at the cost and risk of the contractor.

- 9.7.4 It may further be noted that clause above provides for recovery of liquidated damages (and not by way of penalty) on the contract price of delayed completion (whole unit). Liquidated damages for delay in contract thus accrued will be recovered by the paying authorities of the contractor specified in the contract order, from the bill for payment of the cost of contract / milestone payments submitted by the contractor or his foreign principal in accordance with the terms of contract or otherwise.
- 9.7.5 The Company may without prejudice to its right to effect recovery by any other method, deduct the amount of liquidated damages from any money belonging to the Contract in its hands (which includes the company's right to claim such amount against Contractor's Bank Guarantee) or which may become due to the Contractor. Any such recovery of liquidated damages shall not in any way relieve the Contractor from any of its obligations to complete the works or from any other obligations and liabilities under the Contract.
- 9.7.6 Notwithstanding anything stated above, works will be deemed to have been completed only when all its components and parts are also completed. If certain components of works are not completed in time, the works will be considered as delayed until such time all the balance jobs are also completed.

9.8 Change Orders

9.8.1 Item Rate/Percentage Rate Contracts.

In the case of Item Rate/Percentage Rate tenders, the following procedures will be adopted in the finalization of rates for Variation, Extra and Substituted items.

9.8.2 Variation

- i. Variation means variation in quantities of items, i.e. where there is increase or decrease in the quantities of items of work in the agreement. In other words, the nomenclature remains the same but the quantities vary with those provided in the agreement.
- ii. Variation beyond $\pm 10\%$ of the stipulated quantities of individual items in the contract shall require the approval of Competent Authority.
- iii. The rates payable for the variations up to 25% in respect of individual items in the contract shall be as per the contract rates.
- iv. The rates payable for variations in quantities in excess of 25% in respect of individual items shall be worked out at market rates prevailing at the time of commencement of execution of these items.

9.8.3 Extra /Substituted Items

- i. Extra items of work are items, which are completely new and in addition to the items in the contract.
- ii. Substituted items are items which are taken up in lieu of those already provided in the contract.
- iii. The powers to accord Technical sanction for extra and substituted items shall be as per DOP. The officers while exercising these powers shall obtain the Administrative approval from the Competent Authority as per DoP. Where the excess is due to substituted items, the algebraic difference between the agreement and substituted item shall only be considered for the excess amount.
- iv. The rates for the extra items shall be worked out at market rates prevailing at the time of commencement of execution of these items.
- v. For substituted items, the agreement rate of the original item will be adjusted for the difference in market rates (prevailing at the time of commencement of execution of these items) of original and substituted items.

9.9 **Price Variation (For item Rate / Percentage Rate Contracts)**

- i. All short duration contracts up to 12 months and of value Rs.500 lakhs shall be awarded on fixed price basis and are not subject to any price variation what so ever. However, only statutory variation limited to duties and taxes are considered for adjustment in contract price.
- ii. For calculating price variation, base prices should be taken as on the date of opening of the Bids.
- iii. Contract Price shall be adjusted for increase or decrease in rates and price of labour, materials, fuels and lubricants in accordance with the following principles and procedures as per formula given below. The amount certified in each payment factor to the payment amounts due:
- iv. To the extent that full compensation for any rise or fall in costs to the contractor is not covered by the provisions of this or other clauses in the contract, the unit rates and prices included in the contract shall be deemed to include amounts to cover the contingency of such other rise or fall in costs.
- v. Price adjustment shall apply only for work carried out within the stipulated time or extensions granted by the Employer and shall not apply to work carried out beyond the stipulated time; price adjustment for extensions for reasons attributable to the Contractor, shall be paid in accordance ;

Price adjustment shall be calculated as per the formula given below:

Following expressions and meanings are assigned to the value of the work done during each month:

R = Total value of work done during the month. It would include the value of materials during the month less the value of materials during the month. This will exclude cost of work on items for which rates were fixed under variations for which the price variation will be regulated as mutually agreed at the time of fixation of rate.

(i) **Adjustment for Labour Component**

Price adjustment for increase or decrease in the cost due to labour shall be paid in accordance with the following formula:

$$VL = 0.85 \times P1/100 \times R \times (Li - L0)/L0$$

VL = increase or decrease in the cost of work during the month under consideration due to changes in rates for local labour.

L0 = the average consumer price index for industrial workers for the place as defined in the Appendix to Bid, in the previous month prior to the closing date of submission of bids as published by Government.

Li = The average consumer price index for industrial workers for the place as defined in the Appendix to Bid, in the previous month prior to the last day of the period to which a particular Interim Payment Certificate is related as published by Government .

P1 = Percentage of labour component of the work.

Note: For the application of this Clause, index of Industrial Workers has been chosen to represent the labour component.

(ii) **Adjustment of Cement Component**

Price adjustment for increase or decrease in the cost of cement procured by the Contractor shall be paid in accordance with the following formula.

$$Vc = 0.85 \times Pc/100 \times R \times (Ci-C0)/C0$$

Vc = increase or decrease in the cost of work during the month under consideration due to changes in rates for cement.

C0 = The all India average RBI Index for cement in the previous month prior to the closing date of submission of bids as published by the Government.

C_i = The all India average RBI Index for cement in the previous month prior to the last day of the period to which a particular Interim Payment Certificate is related, as published by Government .

P_c = Percentage of Cement component of the work.

(iii) **Adjustment for Steel Component**

Price adjustment for increase or decrease in the cost of Steel procured by the Contractor shall be paid in accordance with the following formula.

$$V_s = 0.85 \times P_s / 100 \times R \times (S_i - S_0) / S_0$$

V_s = increase or decrease in the cost of work during the month under consideration due to changes in rates for steel.

S_0 = The all India average RBI Index for Steel (Bars & Rods) in the previous month prior to the closing date of submission of bids as published by the Government

C_i = The all India average RBI Index for Steel (Bars & Rods) in the previous month prior to the last day of the period to which a particular Interim Payment Certificate is related, as published by the Government.

P_s = Percentage of Steel component of the work.

Note: For the application of this Clause, index of Bars & Rods has been chosen to represent the Steel component.

(iv) **Adjustment for Plant and machinery and spares component.**

Price adjustment for increase or decrease in the cost of Plant and machinery spares procured by the Contractor shall be paid in accordance with the following formula.

$$V_p = 0.85 \times P_p / 100 \times R \times (P_i - P_0) / P$$

V_p = increase or decrease in the cost of work during the month under consideration due to changes in rates for Plant and machinery Spares

P_0 = The all India average RBI Index for Plant and machinery Spares in the previous month prior to the closing date of submission of bids as published by the Government.

P_i = The all India average RBI Index for Plant and machinery Spares in the previous month prior to the last day of the period to which a particular Interim Payment Certificate is related, as published by the Government.

P_s = Percentage of Plant and machinery Spares component of the work.

Note: For the application of this Clause, index of heavy machinery and parts has been chosen to represent the Plant and machinery component.

(v) **Adjustment for Bitumen Component**

Price adjustment for increase or decrease in the cost of Bitumen procured by the Contractor shall be paid in accordance with the following formula.

$$V_b = 0.85 \times P_b / 100 \times R \times (B_i - B_0) / B_0$$

V_b = increase or decrease in the cost of work during the month under consideration due to changes in rates for Bitumen

B_0 = The average official retail price of bitumen at the nearest refinery for the place as defined in Appendix to Bid, in the previous month prior to the date of submission of Bids.

B_i = The average official retail price of bitumen at the nearest refinery for the place as defined in Appendix to Bid, in the previous month prior to the last day of the period to which a particular Interim Payment Certificate is related.

P_b = Percentage of Bitumen component of the work.

(vi) **Adjustment for Fuel and Lubricants (POL)**

Price adjustment for increase or decrease in the cost of POL (fuel and lubricant) procured by the Contractor shall be paid in accordance with the following formula.

$$V_f = 0.85 \times P_f / 100 \times R \times (F_i - F_0) / F_0$$

V_f = increase or decrease in the cost of work during the month under consideration due to changes in rates for fuel and lubricants.

F_0 = The average official retail price of High Speed Diesel (HSD) oil at the existing consumer pumps of IOC for the place as defined in Appendix to Bid, in the previous month prior to date of submission of Bids.

F_i = The average official retail price of High Speed Diesel (HSD) oil at the existing consumer pumps of IOC for the place as defined in Appendix to Bid, in the previous month prior to the last day of the period to which a particular Interim Payment Certificate is related.

P_f = Percentage of fuel and lubricants component of the work.

Note: For the application of this Clause, the price of High Speed Diesel oil at the IOC pumps has been chosen to represent fuel and lubricant component.

(vii) **Adjustment for Other Local Materials**

Price adjustment for increase or decrease in the cost of local materials other than cement, steel, bitumen, plant spares and POL procured by the Contractor shall be paid in accordance with the following formula.

$$V_m = 0.85 \times P_m / 100 \times R \times (M_i - M_0) / M_0$$

V_m = increase or decrease in the cost of work during the month under consideration due to changes in rates of local materials other than cement, steel, bitumen, plant spares and POL.

M_0 = The all India average RBI Index (all commodities) in the previous month prior to the closing date of submission of bids as published by the Government.

M_i = The all India average RBI Index (all commodities) in the previous month prior to which a particular Interim Payment Certificate is related as published by the Government .

P_m = Percentage of local material component (other than cement, steel, bitumen, plant spares and POL) of the work.

(viii) **The following percentages** will be govern the price adjustment of the contract:

1. Labour - Pl	20%
2. Plant and Machinery and spares-Pp	20%
3. POL-Pf	10%
4. Bitumen- Pb	x%
5. Cement Pc	y%
6. Steel- Ps	z%
7. Other materials-Pm	$\frac{50 - (x+y+z)}{100} \%$

(Note: x,y,z are the actual percentage of material of bitumen, cement and steel respectively used for execution of work as per the Interim Payment Certificate for the month)

vi. **Construction Cost Index.**

- For calculating price variation, base (Construction Cost Index) should be taken as on the date of opening of the bids.
- The Construction Cost Indices shall be those determined and published by the recognized bodies in the relevant Sector
- The methodology to work out the price price variation shall be deliberated by the TC and incorporated in the tender document.

9.10 **Subsequent Legislation (applicable for all contracts)**

9.10.1 In the event of introduction of new legislation or any change or amendment or enforcement of any Act or Law, rules or regulations of Government of India or Public Body or any change in the interpretation by the Supreme Court of India of any said Act or law, rules or regulations which becomes effective after the date of submission of Price Bid or revised price bid, if any, which results in increased cost of the Works under the Contract through increased liability of taxes (other than personnel taxes), duties, fees the Contractor shall be indemnified for any such increased cost by the Company subject to production of documentary proof to, the satisfaction of the Company, to the extent which is directly attributable to such introduction of new legislation or change or amendment as mentioned above.

9.10.2 Similarly, if introduction of new legislation or any change or amendment or enforcement of any Act or Law, Rules or Regulations of Government of India or Public Body or any change in the interpretation by the Supreme Court of India of any said Act or Law, rules or regulations which becomes effective after the date of submission of Price Bid or revised price bid, if any, which results in decreased cost of works through reduced liability of taxes (other than personnel taxes), duties fees, the Contractor shall pass on the benefits of such reduced taxes, duties or fees to the Company to the extent, which is directly attributable to such introduction of new legislation or change or amendment as mentioned above.

9.10.3 All duties, taxes, fees, charges, expenses, etc. (except where otherwise expressly provided in the Contract) as may be levied/ imposed in consequence of execution of the Works or in relation thereto or in connection therewith as per the Acts, Laws, Rules, Regulations in force on the date of submission of Price Bid or revised price bid, if any, for the Contract shall be to Contractor's account. Any increase/decrease in such duties, taxes, fees, charges, expenses etc. after the date of submission of price bid or revised price bid, if any, but within the Scheduled Completion Date or the extended date of completion of Works (for reasons not attributable to the contractor) will be to the account of the Company.

9.10.4 Any increase in the duties, taxes, fees, after the aforesaid Scheduled Completion Date or the extended date of completion of Works will be to Contractor's account. However, any decrease of duties, taxes, fees after the date of completion of Works will be to Company's account.

9.10.5 In case of introduction of new legislation or change or amendment in any act or law after the Scheduled/extended Completion Date (extended in accordance with the provisions of the Contract), but which comes into force or becomes effect retrospectively from a date on or before the Scheduled/extended Completion Date and which results in any increase/decrease in the duties, taxes and fees under the Contract, then such increase/decrease, subject to the conditions stipulated in respective clause shall be to the Company's account.

9.10.6 The Contract Price and other prices given in the Schedule of Prices are based on the applicable tariff as indicated by the Contractor in the Schedule of Prices. In case this information subsequently proves to be wrong, incorrect or misleading, the Company will have no liability to reimburse/pay to the Contractor the excess duties, taxes, fees, if any finally levied/imposed by the concerned authorities.

9.10.7 Notwithstanding the provision contained in the above clauses, the Company shall not bear any liability in respect of:

- i. Personal taxes on the personnel deployed by Contractor, his sub-contractors/sub-subcontractors and Agents etc.
- ii. Corporate taxes in respect of contractors and all of their sub-contractors, agents etc.

9.11 Disputes

9.11.1 If the Contractor believes that a decision taken by the Nodal Officer or his nominee was either outside the authority given to the Nodal Officer or his nominee by the Contract or that the decision was wrongly taken, the decision shall be referred to the Conciliator within 28 days of the notification of the Nodal Officer or his nominee's decision. Employer's decision will be final and binding on the contract.

9.11.2 Replacement of Conciliator

- (i) Should the Conciliator resign or die, or should the Employer and the Contractor agree that the Conciliator is not fulfilling his functions in accordance with the provisions of the Contract, a new Conciliator will be jointly appointed by the Employer and the Contractor. In case of disagreement between the Employer and the Contractor, within 30 days the Conciliator shall be appointed by the Appointing Authorities designated in the Contract Data at the request of either party within 14 days of receipt of such request.

- (ii) If a Compensation Event would cause additional cost or would prevent the work being completed before the Intended Completion Date, the Contract Price shall be increased and / or the Intended Completion Date shall be extended. The Nodal Officer or his nominee shall decide whether and by how much the Contract Price shall be increased and whether and by how much the Intended Completion Date shall be extended.
- (iii) As soon as information demonstrating the effect of each Compensation Event upon the Contractor's forecast has been provided by the Contractor, it is to be assessed by the Nodal Officer or his nominee and the Contract price shall be adjusted accordingly. If the Contractor's forecast is deemed unreasonable the Nodal Officer or his nominee shall adjust the Contract Price based on Nodal Officer or his nominee's own forecast. The Nodal Officer or his nominee will assume that the Contractor will react competently and promptly to the event.

9.12 Settlement of Disputes

9.12.1 If a dispute of any kind whatsoever arises between the Employer and the Contractor in connection with, or arising out of, the Contract or the execution of the Works, whether during the execution of the Works or after their completion and whether before or after repudiation or after termination of the Contract, including any disagreement by either party with any action, inaction, opinion, instruction, determination, certificate or valuation of the Nodal Officer or his nominee, the disputes will firstly be settled by the Conciliator, failing which any party may invoke arbitration clause.

9.12.2 Decision by Conciliator:

- (i) The Conciliator shall give a decision in writing within 28 days of receipt of a notification of a dispute.
- (ii) Conciliator shall be paid daily at the rate specified in the Contract Data together with reimbursable expenses of the types specified in the Contract Data and the cost shall be divided equally between the Employer and the Contractor, whatever decision is reached by the conciliator. Either party may refer a decision of the conciliator within 28 days of the conciliator's written decision. If neither party refers the disputes to arbitration within 28 days, the conciliator's decision will be final and binding.

9.12.3 Arbitration:

Any dispute in respect of contracts where party is dissatisfied by the Conciliator's decision shall be decided by arbitration as set forth below:

- (i) A dispute with Dispute Review Expert shall be finally settled by arbitration in accordance with the Indian Arbitration and Conciliation Act, 1996, or any statutory amendment thereof. The arbitral tribunal shall consist of 3 arbitrators, one each to be appointed by the Employer and the Contractor, and the third to be appointed by the mutual consent of both the arbitrators, failing which by making a reference to CIDC-SIAC Arbitration Center from their panel.
- (ii) Neither party shall be limited in the proceedings before such arbitrators to the evidence or arguments already put before the Nodal Office or his nominee or the Board, as the case may be, for the purpose of obtaining said recommendations/decision. No such recommendations/decision shall disqualify the Nodal Officer or his nominee or any of the members of the Board, as the case may be from being called as a witness and giving evidence before the arbitrators or any matter whatsoever relevant to the dispute.
- (iii) The reference to arbitration shall proceed notwithstanding that the works shall not then be or be alleged to be complete, provided always that the obligations of the Employer, the Nodal Officer or his nominee and the Contractor shall not be altered by reason of the arbitration being conducted during the progress of the works. Neither party shall be entitled to suspend the works to which the dispute relates, and payment to the Contractor shall be continued to be made as provided by the contract.
- (iv) If one of the parties fail to appoint its arbitrators in pursuance of sub-clause [i], within 14 days after receipt of the notice of the appointment of its arbitrator by the other party, then Chairman of the nominated Institution shall appoint arbitrator within 14 days of the receipt of the request by the nominated institution. A certified copy of the Chairman's order, making such an appointment shall be furnished to both the parties.
- (v) Arbitration proceedings shall be held at, and the language of the arbitration proceedings and that of all documents and communications between the parties shall be 'English'.
- (vi) The decision of the majority of arbitrators shall be final and binding upon both parties. The expenses of the arbitrators as determined by the arbitrators shall be shared equally by the Employer and the Contractor. However, the expenses incurred by each party in connection with the preparation, presentation, etc., of its case prior to, during and after the arbitration proceedings shall be borne by each party itself.
- (vii) All arbitration awards shall be in writing and shall state the reasons for the award.
- (viii) Performance under the contract shall continue during the arbitration proceedings and payments due to the contractor by the Employer shall not

be withheld, unless they are subject matter of the arbitration proceedings.

9.13 **Outside Expert Committee (OEC)**

Provision for settlement of disputed claims through Outside Expert Committee shall be in accordance with Corporate Guidelines on the subject, issued from time to time. Major of those at present are:

- i. For the past cases involving disputes of more than Rs.1 Crore with the approval of competent authority.
- ii. However the cases in respect of which arbitration notice is given or actual arbitration proceedings has been held may continue under arbitration and only on the request from contractor such cases may be referred to OEC.
- iii. The cost of proceeding such as fees for expert, air fare, local transport, accommodation, cost towards conference facility etc., complete shall be borne by KPL & contractor in equal shares.
- iv. Proceeding of OEC will be in accordance with part III, conciliation of the arbitration and conciliation act 1996.
- v. The party shall freeze the claim of interest, if any and shall not claim the same for the period the proceedings are pending before OEC.
- vi. The OEC recommendations shall be submitted to CMD, KPL for consideration.
- vii. That recommendation of OEC shall be brought to the KPL Board through PAC of the board, where OEC members will make a presentation to elaborate on their recommendations and also to clarify queries.
- viii. After the approval, a contract will be signed between the parties for dispute resolution and the OEC will automatically stand terminated after 30 days from the date of settlement.

9.14 **Performance Appraisal of Contractors**

- i. A system of performance appraisal of contractors should be started at each work.
- ii. A file for each contractor will be opened to keep record of his performance.
- iii. At the time of preparation of final bill / completion of work, Engineer Incharge should forward a copy of the performance report to the competent authority.
- iv. Action for issue of warning, black listing, banning or put on holiday or suspension as per the corporate policy / decision, will be processed by the Engineer-Incharge on the basis of adverse performance.
- v. The Engineer-Incharge shall submit a Close Report on conclusion of the contract stating his exerts/experience on contract with his recommendation.

9.15 Files and Records:

The section shall maintain files and records covering the following subjects.

- i. Budget file.
- ii. Contract wise file, from proposal note to final bill/completion report.
- iii. Register of contractors.
- iv. Contract issue register.
- v. Measurement Sheets.
- vi. Progress Report File.
- vii. Tender Receipt Register.
- viii. Hindrance Register

9.16 Force Majeure Clause:

- A. If in the event, the agency to the contract is prevented from discharging its/their obligations under the contract by reason of one or more of the events such as arrest(s), restraint(s) by Government or people, blockade (s), revolution(s), insurrection(s), mobilization(s), strike, block-out(s) blockade (s) civil commotion(s), riot(s), accident(s), scarcity/insufficiency of supply of wagons by Railways, preventing or delaying the loading of ores, Govt. requisition, Govt. order or statutory action or natural calamity or act(s) of God or any cause of whatever nature or description beyond the control of the company, then the agency shall have no claim whatsoever, against the company for any loss, damage caused to the agency by such reason.

On the occurrence of any of the force Majeure condition, the party concern shall notify the company in writing of such occurrence within 10 days of occurrence stating their in the date of occurrence of Force Majeure disability, by registered letter duly certified by statutory authorities. The agency shall resume the work as soon as practicable after such eventuality has ceased to exist of which the company shall be the sole judge. In the event of delay lasting over one month, if arising out of Force Majeure, both parties shall discuss and agree upon an equitable solution for termination of the contract, or other course of action to be adopted mutually.

- B) For delays arising out of Force Majeure, the bidder will not claim extension in completion due for a period exceeding the period of delay, attributable to the causes of Force Majeure and neither the Company nor the bidder shall be liable

to pay extra costs, provided it is mutually established that Force Majeure condition did actually exist.

The terms & conditions mentioned in this manual under heading (B) shall also be the part of this contract manual.

9.17 Integrity Pact:

In compliance to guidelines of the Central Vigilance Commission, for contract works exceeding Rs. 15 (fifteen) crores, an Integrity pact shall be signed between the Contractor and KPL. The format of the pact is as under:

INTEGRITY PACT

On this _____ day of _____ 2014, at Chennai, in presence of following two witnesses, this Integrity Pact is being executed between:

Kamarajar Port Limited hereinafter referred to as "The Principal / KPL" and _____ hereinafter referred to as "The Bidder/Contractor" (which expression shall include all its partners/directors, agent, representative, servants, sub contractors, (whatever permitted/permissible) & successor in interest etc. including all person claiming through it)

Whereas, it has been directed by the Ministry of shipping, New Delhi and Central Vigilance Commission, New Delhi that Government of India undertakings shall execute Integrity Pact with the Contracting Parties/bidders in all the forthcoming Contracts/Tender Processes above prescribed/specified value of Rs. 15 Crores, it is necessary to execute Integrity Pact between such parties. Pursuant thereto, the present Integrity Pact is being executed.

The terms and conditions of the Integrity Pact are as under:

Commitment of KPL

Section – I

Being the Principal, KPL commits itself steps take all necessary steps to prevent corruption & unethical practices and bring transparency in all the processes through the following commitments:-

- A) No official of the Principal (KPL), personally or through family will accept or demand any gratification, for which he/she is not entitled from any of the counter/contracting parties.
- B) The Principal (KPL) during the tender process, will treat all the bidders/tenderer equally and provide level playing fields to all.

- C) The Principal (KPL) commits to provide to all bidders the same information.
- D) The Principal (KPL) will not make available any confidential information to any of the bidder which will give him an edge over the others.
- E) The Principal (KPL) will make public the details of contract awarded.
- F) The Principal (KPL) will exclude any of the officials who is found prejudiced or have conflict of interest in dealing with the bidders.
- G) The Principal (KPL) will take appropriate disciplinary action, as per the prescribed Rules, against its officials if found guilty of breach of commitment. Commitment of Bidders.

Commitment of Bidders

Section - II

The Bidder/Contractor commits himself to take all necessary measures not to involve in any type of corrupt practice during the Tender Process as well as Execution of the Contract including the following :-

- A) The Bidder/Contractor will not offer or promise to offer to any of the KPL's employee the gratification/benefit for which he/she is not legally entitled to get undue favour/advantage or information related to Tender Process or during Execution of the Contract.
- B) The Bidder/Contractor will not enter into Agreement with other Contenders/Contractors to derail/disturb fair Tender Process like price fixing or other unethical understanding like Cartel Formation.
- C) The Bidder/Contractor will not pass on to others the Confidential Information provided by KPL as a part of Tender Documents/Contracts.
- D) The Bidder/Contractor will not disclose about all the payments made to the Agents/intermediaries, wherever such arrangement is permissible, in connection with the award of Contract/Tender Process.
- E) The Bidder/Contractor will immediately inform KPL, if asked to pay any illegal gratification or bribe, in violation of this Integrity Pact, by any of KPL's employee or comes to know any illegal payment made to any of the employee. The Bidder/Contractor will not do any Act, by way of commission or omission which may defeat the spirit behind the present Integrity Pact.

Violation and Penalties

Section – III

The Bidder/Contractor, if found to violate the clauses of the Integrity Pact, will be liable to the following penalties:-

- A) KPL will be entitled to disqualify the Bidder/Contractor from the tender process.
- B) If after the award of contract, the bidder is found guilty of breach of the Integrity Pact, the KPL will be entitled to terminate the contract.
- C) The KPL will have right to disqualify the default Bidder/Contractor for participation in future contracts of the Principal (KPL) for a certain period or black list it permanently depending upon seriousness of offence.
- D) The KPL, if the contract is terminated due to violation of the Integrity Pact on part of Bidder/Contractor, will be entitled for material damages as decided by the KPL Management and will be binding to all. The Principal (KPL) will also have right to forfeit the Security deposit.
- E) The CMD of the Principal (KPL) will be the final authority in respect of the aforesaid clauses of Violation and Penalties. The decision taken by CMD of the Principal (KPL) shall be final and acceptable and would not be amendable to any challenge.

Independent Monitor

Section – IV

- A) CMD, of the Principal (KPL) may/will appoint Independent Monitor who are suitable qualified and experienced and are of impeccable integrity to oversee the implementation of the Integrity Pact in cases wherever he feels necessity to do so.

The decision taken in this behalf by CMD, KPL shall be final and conclusive and will be agreeable to both the parties. Such decision, about the appointment of Independent Monitor shall not be amendable to challenge on any ground whatsoever. The Independent Monitors will be non-salaried having voluntary status and will have benefits of Independent Directors.

- B) The Independent Monitors will not have administrative or enforcement power and submit his non-binding suggestions or recommendations to the management of KPL when he observes violation or deviation of any of the conditions of the Integrity Pact.

General Conditions

Section – V

- A) This Agreement is subject to Indian Laws. Place of execution & performance of this Integrity Pact shall be Chennai. Any dispute arising out of the Integrity Pact shall be subject to exclusive jurisdiction of the Courts at Chennai only.
- B) The Bidder/Contractor will get an undertaking from all subcontractors about the commitment to implement the Integrity Pact in letter & spirit and submit to KPL the said undertakings before sub-contracting the work wherever permitted.
- C) The Bidders/Contractors, who do not sign the Integrity Pact, will not be entitled to participate in the Tender Process or continue with the contract.
- D) The Agreement will commence into force when KPL & the Bidder/Contractor sign it and it will come to end twelve months after the last payment.
- E) If the Bidder/Contractor is a Partnership Firm or Association of Persons, the Agreement must be signed by all Partners or should be signed by his/their Authorised Representative.
- F) KPL will periodically review the effectiveness of the Integrity Pact by conducting 360 degree review with concerned executives & Bidder/Contractor.
- G) Should one or some of the Provisions of this Integrity Pact turn out to be invalid the reminder clauses of this Agreement shall remain valid.

On behalf of the Principal/KPL
Place :
Date:
Witness
Designation/Occupation
Address :

On behalf of Bidder/Contractor
Place :
Date :
Witness
Designation/Occupation
Address :

9.18 Completion of Works

- i. On completion of the Works, the Indenter / User should be informed by the concerned project execution group / service group for being associated with the pre-commissioning, commissioning and handing over acceptance tests from the Contractor. A formal handing over of the Project should thereafter be done in writing after drawing up a list of 'punches points', if any. The list of punch points

shall be jointly signed by the Contractor, Engineer-Incharge and Indenter. Schedule for the liquidation of punch points should also be made in the handing over format.

- ii. A built plan along with actual expenditure of the project should be prepared and submitted along with the completion report.

9.19 Rights of Owner to get Work Done at Contractor's Risk and Cost

9.19.1 As per the General Conditions of Contract, KPL has the right to get work done at contractor's risk and cost, or deploy necessary manpower, materials and equipment at the risk and cost of the contractor provided:

- (i) Engineer-Incharge's or Site Engineer's instructions to increase labor strength, materials and equipment on progress schedule are not complied with by the contractor;
- (ii) The Site Engineer on inspection or test is not satisfied with the quality of workmanship of any work and material, and the contractor fails to re-perform the work to the satisfaction of Site Engineer;
- (iii) There is any defect in the design or work done by the contractor and the contractor fails to re-perform, replace or otherwise rectify the defects as pointed out by Site Engineer to the satisfaction of Site Engineer, at the time of final tests.
- (iv) Defects and imperfections in design or work done by the contractor are noticed during the defect liability period and the contractor fails to rectify the defects at his own cost.
- (i) The contractor does not clear the site within 7 days of completion of final measurement after termination of contract.
- (ii) Balance of work is left incomplete by the Contractor on termination of the contract.

9.19.2 When an alternative agency is lined up for the off-loaded job, a formal claim should be lodged in writing by the Engineer in Charge, at that time itself with the defaulting contractor and the contractor be asked to deposit the amount worked out on the basis of the work order value. This would facilitate the company in quicker recovery of the amounts from such defaulting contractors. In case there is any variation upon knowing the final bills of the second contractor, the same can be taken up separately.

9.20 Meeting of Contractor's liabilities:

9.20.1 If there is any valid lien of claim for which KPL may become liable but which liability is that of the contractor under the contract, and if the contractor is disputing or is otherwise not meeting his liability, payment can be made by KPL on behalf of the Contractor and adjust the same from any dues from KPL to the Contractor. If this amount available with KPL is not adequate to meet the liability, the contractor shall pay the amount called for on demand, failing which interest at prime lending rate at that time plus one percent will be chargeable on the amount due to the Owner on this account.

9.21 Claims of Contractor:

9.21.1 The procedure for dealing with claims of the contractor has been elaborated in the relevant clauses of the General Conditions of Contract. Claims of contractors are to be dealt with in different stages as under:

(i) First Stage:

The Contractor, within 10 days of the occurrence of the event; or issue of orders or instructions based on which the claim is conceived should give notice of claim to both 'Engineer-in-Charge' and 'Site Engineer' giving full particulars of the nature of claim, amount of claim and the grounds for the claim. Such claims become notified claims under the contract. If this notice is not received in writing within 10 days as stipulated by the 'Engineer-in-Charge' and 'Site Engineer' or does not give any of the details mentioned above, it shall not be deemed to be a notified claim and no claims other than notified claims are recognized under the contract and the owner has no liability for any claims which are not notified, as stipulated in the contract. It is not obligatory for "Engineer-in- Charge" or "Site Engineer" to reply to any such notice or claims, though at least in clear-cut cases it may be advisable to reject claims giving reference to the relevant contract clauses.

(ii) Second Stage:

Along with the final bill, the contractor should attach a list of notified claims supported by copies of notices issued as contemplated in the first stage and giving full details of nature of claims, amounts claimed and grounds for the claims.

(iii) These claims included in this list, in so far as they correspond in all material particulars with the notified claims, shall be treated as the final notified claims and if in any material details any particular claim in the list differs from the corresponding notified claim, the concerned claim in the final list will be treated, as an un notified claim and will, accordingly,

be inadmissible. Further, any notified claim not included in the list of claims accompanying the final bill shall be deemed to have been dropped by the contractor and shall cease to be a notified claim and hence shall not be admissible.

- (iv) No claim shall be admissible after submission of the final bill.
- (v) The contractor can take payment in full and final settlement of all dues without prejudice to his final notified claims. However, if the contractor accepts any amount paid by Owner in full and final settlement of his final notified claims, such payment will be deemed to be in full and final satisfaction of all his final notified claims, even if the contractor accepts the payment under protest. The idea is that the contractor cannot accept payment against claims under protest and hereafter drag the Company into litigation or arbitration. In view of this, all payments made against final bills and final notified claims shall be made "in full and final settlement" after which no action including arbitration is permissible under the contract.

9.22 General:

9.22.1 To the extent possible, General Conditions of Contract should not be altered. Only such of those conditions, which do not find a place in General Conditions of contract but which are nevertheless necessary for the requirement of the particular work should find a place in Special Conditions of Contract.

9.22.2 The Special Conditions of Contract may include inter alia:

- (i) Stipulation regarding any special mode of payment of earnest money deposit.
- (ii) Recovery rates for Water & Power if supplied by the company.
- (iii) Modes of interim payments for special works;
- (iv) Rates of hire charges of equipment & machinery.
- (v) Any stipulation regarding mandatory or preferential employment of local labor or other adherence to local laws.
- (vi) Special safety precautions to be observed in operating refineries, especially when hazardous work is involved.
- (vii) Any stipulation regarding adjustment of rates for similar items but with different cement consumption etc.

- 9.22.3 Where for valid reasons, it is necessary to deliberately deviate from certain stipulations in general conditions of contract, special conditions can be included with the stipulation that the particular clause of general conditions of contract shall be deemed to be modified only to the extent to which the particular special condition is expressly contradictory or repugnant to its significance and effect.
- 9.22.4 The same remarks will apply for agreed variations, which have to be drafted as far as possible without affecting or compromising the spirit of General Conditions of Contract.

CHAPTER 10

Other Instructions on Works Procedure

10.1 Bank Guarantees:

10.1.1 Following instructions shall be followed in respect of bank/insurance guarantees:

- i. The bank / insurance guarantee shall be strictly in the prescribed proforma.
- ii. The bank guarantee shall be received directly from the Bank. In certain cases, when the time does not permit, Bank Guarantees may be received from the vendors / contractors but in such cases, letter / telegram / FAX shall be issued to the Bank seeking confirmation of the issuance of the Bank Guarantee.
- iii. The Bank guarantee shall be checked initially by the concerned Execution Department/EIC to ensure that they are strictly as per the prescribed proforma. If there are any deviations, the same are considered as unacceptable, approval of the Head of the Tender Inviting Department shall be obtained along with finance concurrence/ legal opinion.
- iv. All the Bank Guarantee shall be forwarded to the Finance Dept. for safe custody after keeping a photocopy in the concerned department for follow up action.
- v. A register shall be maintained by the concerned Execution Dept/Engineer-in-Charge for ensuring timely action for encashment, extension of validity etc.
- vi. Finance Dept. shall keep the Bank Guarantee in safe custody and shall also maintain a register indicating the major details of the Bank Guarantee, expiry date, etc. to inform concerned Execution Dept before 30 days of expiry of BG for ensuring timely action for encashment, extension of validity etc.
- vii. To ensure double check, the Finance Dept. shall issue a monthly report to the concerned Dept. listing those Bank Guarantees, which are to expire within a period of 60 days so that appropriate action on Bank Guarantee is taken in time. However, the responsibility for the timely extension/encashment of Bank Guarantee shall lie with the concerned Execution / Engineer-in-Charge.
- viii. In case there is failure on the part of contractor/supplier and it is intended to encash (part/full) the Bank Guarantee or extension is otherwise necessary, the concerned Execution Dept./ Engineer-in-Charge shall write by registered post / speed post / courier to the Bank for extension of validity of the Bank Guarantee or encashment hereof as the case may be at

least 30 days before the expiry date of the relevant Bank Guarantee. The Finance Dept. shall be consulted and kept informed.

- ix. In case a Bank Guarantee whose validity is to expire within 30 days, payment due to the contractor/supplier on any account for that contract shall not be released by the Finance Dept. unless the Bank Guarantee is extended/encashed (part/full) except with the approval of the Competent Authority, in exceptional cases, the reasons for which will be recorded by the concerned Execution Dept./Engineer-in-Charge for making such payment.
- x. When the Bank Guarantees are no more required in terms of contractual stipulation, the expired BG shall be returned within 30 days by Finance Dept to the Bank under intimation to the contractor/ Supplier on advise from concerned Execution Department/ EIC
- xi. RA bill should contain a list of BG and its validity.

10.2 Extra items

The term 'extra' is generally used in relation to the works which are not expressly or impliedly included in the original contract and, therefore, not included in the original contracted price, provided the work is done within the frame-work of the original contract.

As far as possible the execution of extra items shall be avoided and care shall be taken to include all possible items of work in the contract. However, where extra items cannot be avoided, the payments shall be regulated on the following lines:

- i. The circumstances under which the necessity for an extra item had arisen shall be clearly indicated and the orders for executing such extra items shall be authorized by the Head of the Execution Department concerned.
- ii. The rates for extra items shall be worked out in accordance with the basic guidelines given under the clause relating to extra items in the General Conditions of Contract. In case there are any agreed variations in the contract with reference to the computation of extra item rates, such rates shall be calculated in accordance with the terms of agreed variations.
- iii. In the absence of any specific provision in this regard, extra items shall be calculated in accordance with the relevant clause of the General Conditions of Contract.
- iv. Extra item rates can also be proposed on the basis of similar items appearing in any of the accepted tenders if in the opinion of the Execution Department such rates are reasonable.

- v. The proposal for extra items shall be prepared in the prescribed form (Annexure (WP03.06)) and after obtaining the signature of the contractor, shall be sent for concurrence of Finance and the sanction of Competent Authority. Total cost of extra items sanctioned up-to-date along with anticipated value of work done under the contract under reference shall be given in the proposal before it is sent for sanction.

10.3 Deposit Works:

10.3.1 In certain cases it may be necessary to execute some work on behalf of other organizations at the specific request of such organizations. Such works are termed as "Deposit Works". Following are the guidelines in respect of deposit works:

- i. Where work is executed on behalf of other organizations, all formalities required for execution of the work such as administrative approval, technical sanction, tendering etc. should be applicable as per rules and procedures relating to the Company's Work.
- ii. Before the expenditure on any work is incurred or any commitments made, the estimates and designs etc. shall be supplied to the organization on whose behalf such work is to be carried out and their approval shall be obtained.
- iii. The organization shall be asked to deposit the full amount of the estimates in advance and no interest shall be payable on such deposit. During execution, if it is noticed that at any stage the expenditure is likely to exceed the amount deposited, the organization shall be asked to deposit the excess amount forthwith. This condition shall be made clear to the organization at the initial stages.
- iv. Provision shall be made in the estimate to cover up the departmental expenses and supervision charges at the rate 17-1/2 per cent and the consent from the organization for bearing such supervision charges shall be obtained. In case of Railways, the percentage of departmental supervision charges shall be levied on a reciprocal basis.
- v. Normally no responsibility shall be undertaken for any increase in the cost or damages to work during its execution or compensation for non-completion of work within the stipulated time.
- vi. The terms and conditions under which such deposit work is undertaken shall be reduced to writing and wherever necessary a proper agreement may as well as be drawn up and executed under legal advice.

FACE SHEET OF MEASUREMENT BOOK

MB Number _____

Issued to _____

Date of Issue _____

Section in Charge

INSTRUCTIONS FOR RECORDING THE MEASUREMENTS IN MB.

1. The measurements should be recorded by the authorized representative / person of the Execution Department.
2. Each set of measurements should commence with entries starting
 - (a) Full name of work as given in the Contract
 - (b) Location of work,
 - (c) Name of the Contractor,
 - (d) The No. And date of Agreement
 - (e) The date of commencement of the work and
 - (f) The date of measurement
3. Quantities entered in the measurement book should be clearly traceable into the R.A Bill/Final bill
4. Entries should be recorded continuously and no blank page left or torn out. Any page or space left blank inadvertently should be cancelled by diagonal lines, the cancellation being attested and dated.
5. After the payments are made entries in the Measurement Book should be crossed off by red lines drawn diagonally across the pages.
6. Copy of Measurement books should accompany the bills and accounts to which they refer.
7. All measurement of work or materials should be recorded in the measurement book at once, on the spot. The entries in the Measurement book should be made in ink. No erasures of any kind should be permitted; mistakes should be corrected by drawing the pen through the incorrect entry and inserting the correct figures between the lines.
8. When check measurements of a work are taken it is not necessary that this should be recorded in a separate measurement, but the checking officer should clearly indicate in the original measurement book the check made by him by entering the words "checked and found correct" above his dated signature against the items checked. Should there be any serious difference found, a note an explanation should be made in the measurement book.

9. In case of measurements for materials, these must be recorded from the result of actual measurement or count.
10. When any entry in a measurement book is cancelled the reasons for doing so should be recorded in the book over the dated signature of the officer canceling the measurement, whose designation should be clearly given.
11. Each set of measurement should be signed and dated by the officer by whom it is actually made and the signature of the contractor obtained in token of acceptance by him of the recorded measurement.
12. All corrections made in entries should be initialed by the person responsible.
13. No page should be removed from a measurement book and all blank pages should be checked before the measurement recorded.

Annexure WP01.03

ABSTRACT M.B.

Name of the work _____

Name of Contractor _____

Bill No ____

S.NO	Item No	Particulars	Page No. of M.B from where quantity brought forward	Qty	Rate	Amount	Remarks
Total							

Accepted

Contractor

Dated

Engineer-InCharge

MEASUREMENT BOOK

Date	Particulars	Measurements				Contents/Area
		No	L	B	D	

**LOOSE-LEAF MEASUREMENT SHEET
FACE SHEET OF MEASUREMENT BOOK**

M.B No. /Sheet No.

Name of Work

Contract No.

Cost Centre No.

Name of Contractor

R.A.Bill No.

Date of Measurement

S,No	Item No	Description as per schedule	Sheet No. of M.B from where quantity brought forward	L	B	D/H	Contents/Area

Signature of Contractor

Date-----

Engineer in Charge

Date-----

Annexure WP01.06

REGISTER OF ISSUE OF MEASUREMENT BOOKS

Sl.No	Book No	Sheet No		Issued to Engineer	Name of work	Date of Issue	Reference in request	Acknowledgement	Initials
		From	To						

INSTRUCTIONS FOR RECORDING THE MEASUREMENTS IN LOOSE LEAF MB SHEETS

1. The MB sheets should be used only for approved measurement after verification by Engineer.
2. Item number means serial number of the item in the schedule of rates attached with the Contract.
3. The measurement of work relating to each cost centre may be recorded separately.
4. Each page of the MB sheet shall be signed by the contractor's and Engineer-in-Charge and at the end of the measurement the following certificate shall be recorded: "Certified that the quantity of work as shown in the detailed measurement sheets from ____ to ____ pages have actually been done as per specification of the check measurements of the work.
5. The MB Sheets shall be used serially.
6. Each Site-in-charge of works should give his requirement of MB Sheets duly countersigned by the Engineer-in-charge of the work, at least one week in advance to the issuing authority, who will issue a set of loose leaf MB Sheets against acknowledgement and after making entries in the Register of issue of MB Sheets.
7. The measurement sheets will be typed in three copies (White, pink, and blue) and their distribution will be as follows:

Owner (KPL) -2 Copies-One for Finance Dept.& one for Execution Dept. Contractor -1 copy
8. Initially, the first 2 copies will be sent to Finance Department with the bills. The copy of the Execution Department of KPL will be returned after the bills have been passed.
9. The printed loose leaf MB Sheets will be serially numbered. The numbering will be done as follows:

Book No.& Sheet No. E.g. 1/1, 1/2, 2/1, 2/2, 100 sheets will be put in one pad and machine numbered serially. After the 100 sheets of each book have been used, these will be again bound together & kept as permanent record. All the MBS relating to one work will also be bound together and kept for permanent record.

MEASUREMENT BOOK –CUM –BILL FORM

- 1. Name of the work -----
- 2. Name of the Contractor -----
- 3. A.A Number of dates -----
- 4. Tech.Sanction No.& date -----
- 5. Date of Commencement -----
- 6. Date of Completion -----
- 7. Total value of work done -----
- 8. Recoveries -----
- 9. Net amount payable -----

(1)

S.No	Item No	Description of the item	Measurements				Qty	Rate	Amount
			No	L	B	D			
Gross Amount (A)									

(2)

S.No	Particulars of Recoveries	Amount
	Total Amount of recoveries (B)	
	Net Amount Payable (A) -(B)	

- 1 Certified that the work has been completed as per specifications.
- 2 Certified that no further dues other than those mentioned above are recoverable from the contractor.
- 3 Certified that the contractor has cleared the site.
- 4 Certified that the gate passes have been returned

Accepted in full and final settlement

Engineer-in-Charge Contractor _____

Passed for payment of Rs. _____ (Rupees _____ only)

Signature

FIRST AND FINAL BILL FORM

PART -I

1. Name of the Department
2. Name of the Work
3. Name of the Contractor
4. Date of Commencement
5. Date of Completion

Certified that the work has been completed as per specifications and drawings. No further dues other than those mentioned in the Recovery statement are recoverable from the contractor. The Contractor has cleared the site and returned the gate passes.

Engineer-in- Charge

PART II

Item No	Description of the items	Qty	Unit	Rate	Amount

PART III

Memorandum of Payments

Total value of work done as per II	
Deduction:	
Net Amount payable	

M.B.No. _____ Page No. _____ Recorded by _____ Date of Measurement

_____ Checked by _____

Accepted in full and final settlement

Contractor
Engineer-in-Charge

Passed for payment of Rs. _____ (Rupees _____ only)

Finance

R.A. BILL AND FINAL BILL**PART I**

1. Name of the Department
2. Name of the work
3. Name of the Contractor
4. Date of Commencement
5. Date of Completion
6. Sl.No. of this Bill
7. No. and date of last Bill

PART II

Advance for work done but not measured									Remarks
Total as per previous bill	Since previous bill	Total upto date	Qty executed	Item of work	Rate	Unit	Total as per previous bill	Since previous bill	Total upto date

Total value of work done (A)

(D)	(B)	Less value of work as per previous bill
		Net value of work since previous bill (F)

Part III - SECURED ADVANCE

Quantity out standing as per previous bill approximate rate of the materials	Description of the materials	unit	Reduced Rate proposed	Total advance		

Certified that the quantity of materials against which the advance is paid have been actually brought to site and the contractor has not received any advance previously on the security of the materials	Less -amount as per (c) of previous bill----- Net amount since previous bill (E) -----

**Contractor
Engineer -InCharge**

PART IV

MEMORANDUM OF PAYMENTS

SINo	Description	Amount	
		Rs	p
	Total Value of work done as per (A) of Part II.		
	Total 'advance payment' as per (B) of part II		
	Total secured advance as per (C) of Part III.		
	Total of 1 to 3. (K)		
	Less amount paid as per (K) of previous Bill		
	Balance Payment		
	Deductions 1. 2.		
	Total Recoveries		
	Net Amount payable		

Passed for payment of Rs. _____ (Rupees _____ only)

Finance

LUMP SUM R A BILL

PART I

1. Name of the Department
2. Name of the Work
3. Name of the Contractor
4. Sl.No. of the Bill
5. Sl.No. Of the last Bill
6. Date of Commencement

Part II

		Amount	
		Rs	P
	Approximate value of work done upto date excluding the measured up additions & alternation		
	Value of measured up additions and alterations as per MB No.....		
	Amount of Secured Advance as per (C) of part III		
	Total(1to3)(K)		
	Less Payment made as per (K) of previous bill no.....		
	Balance payment to be made		
	Deductions		
	1.		
	2.		
	3.		
	Total recoveries		
	Net Amount payable		

PART III -SECURED ADVANCE

Qty out standing from previous bill	Deduction qty. utilised since	Qty. outstanding including qty. brought since previous bill	Approximate rate	Approximate rate	Unit	Rate	Amount
Total Amount outstanding as per this bill (C)							
Deduct amount outstanding as per (C) of previous bill							
Net amount outstanding as per this bill							

Certified that the quantity of materials against which the advance is paid has been actually brought to the site and the contractor has not received any advance previously on the security of the same materials and all materials are required by the Contractor for use in the work. Certified that the materials are of imperishable nature.

- 1 Certified that the value of work done upto date excluding the measured up additions and alternations is not less than Rs.
- 2 The details measurement for additions and alternations were made by ____ on _____ and are recorded at page _____ of MB No. _____ Checked by

Accepted

**Contractor
Engineer-in-Charge**

Passed for payment of Rs. _____ (Rupees _____ only)

Finance

LUMP SUM FINAL BILL

1. Name of the Department _____
2. Name of the work _____
3. Name of the Contractor _____
4. Sl.No. of this Bill _____
5. No.& date of last bill _____
6. Date of commencement _____
7. Date of completion _____

PART II

Description of work	Quantity	Rate	Unit	Amount
Total				
Additions & Alterations				
Total value of work done				

PART III

- 1 Certified that work has been completed as per specifications and drawings
- 2 There is nothing due from the Contractor
- 3 The contractor has cleared the site.
- 4 The detailed measurement of additions and alterations were recorded by Shri _____ on _____ at page No. _____ of MB No.

Checked by _____

Accepted in full and final settlement.

**Contractor
Engineer-in-Charge**

PART IV – MEMORANDUM OF PAYMENTS

1	Total value of work done as per Part II A	
2	Less payment made as per (K) of previous bill	
3	Balance payment to be made	
4	Recoveries	
	Net amount payable	

Passed for payment of Rs. _____ (Rupees _____ only)

Finance

PRE-REQUISITE SLIP
R A BILL NO. / FINAL BILL

1. Name of the Department
2. Name of the work
3. Name of the Contractor
4. A.A.No. _____ Date _____
5. T.S.No. _____ Date _____
6. Percentage checked by Manager / Sr. Manager
7. Percentage checked by Chief Manager / DGM
8. Date of commencement
9. Date of completion
10. Extension granted, if any
11. M.B.No.

Engineer-in-Charge