

# SECTION IV

## GENERAL CONDITIONS OF CONTRACT (GCC)

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## **GENERAL CONDITIONS OF CONTRACT (GCC)**

### **Preamble**

This Section (Section -IV) of the Bidding Documents [named as General Conditions of Contract (GCC)] provides all the rights and obligations of the parties under the Contract. This Section contains provisions that are to be used unchanged unless Section - V [named as Special Conditions of Contract (SCC)] states otherwise as any changes in GCC or any complementary information that may be needed has been shown in SCC. If there is a conflict between the provisions of Section - IV & Section - V, the provisions of Section - V shall prevail.

## **A. Definitions and Interpretation**

### **1. Definitions**

1.1 The following words and expressions shall have the meanings hereby assigned to them:

- (a) “Arbitrator” means the person or persons appointed by agreement between the Employer and the Contractor to make a decision on or to settle any dispute or difference between the Employer and the Contractor referred to him or her by the parties pursuant to GCC Sub-Clause 39.1 (Arbitration) hereof.
- (b) “Associate” means a party who has been conjoined by the Contractor to independently execute a pre-selected part of facilities of the contract and grant him the associated contractual rights and obligations, without diluting the overall responsibility of the contractor in respect of the Facilities under the contract.
- (c) “Collaborator” or “Parent Company” means the firms/corporations who has provided technological support to the manufacturer for establishing production line for the specific Equipment.
- (d) “Commissioning” means operation of the Facilities or any part thereof, if any, as per GCC Sub-Clause 1.1(e) by the Contractor as specified in the Technical Specifications, which operation is to be carried out by the Contractor as provided in GCC Sub-Clause 20.1.3 (Commissioning), for the purpose of Trial - Operation (GCC Sub-Clause 20.1.4).
- (e) “Completion” means that the Facilities (or a specific part thereof where specific parts are specified in the SCC) have been completed operationally and structurally and put in a tight and clean condition and that all works in respect of pre-commissioning of the Facilities (or a specific part thereof where specific parts are specified in the SCC) has been completed (wherever required, as per Technical Specifications) and Commissioning followed by Trail - Operation has been completed, as provided in GCC Sub-Clause 20.1 (Completion of Facilities) hereof.
- (f) “Contract” means the Contract Agreement entered into between the Employer and the Contractor together with the Contract Documents referred to therein.

- (g) "Contract Documents" means the documents listed in Clause 1.1 of Article 1 (Contract Documents) of the Form of Contract Agreement (including any amendments thereto).
- (h) "Contract Price" means the sum specified in Clause 2.1 of Article 2 (Contract Price) of the Contract Agreement, subject to such additions or deductions therefrom, as may be made pursuant to the Contract. For the purpose of Liquidated Damages and Contract Performance Guarantee, the "Contract Price" means the sum specified in Clause 2.1 of Article 2 (Contract Price) of the Contract Agreement.
- (i) "Contractor" means the firms whose bid to perform the Contract has been accepted by the Employer and is named in the Contract Agreement, and includes the legal successors or permitted assigns of the Contractor.
- (j) "Contractor's Equipment" means all plant, facilities, equipment, machinery, tools, apparatus, appliances or things of every kind required in or for installation, completion and maintenance of Facilities that are to be provided by the Contractor, but does not include Plant and Equipment, or other things intended to form or forming part of the Facilities.
- (k) "Contractor's Representative" means any person nominated by the Contractor and approved by the Employer in the manner provided in GCC Sub-Clause 13.2 (Contractor's Representative and Construction Manager) hereof to perform the duties delegated by the Contractor.
- (l) "Day" means calendar day of the Gregorian Calendar.
- (m) "Defect Liability Period" means the period of validity of the warranties given by the Contractor commencing at Completion of the Facilities or a part thereof, if any, as per GCC Sub-Clause 1.1(e), during which the Contractor is responsible for defects with respect to the Facilities (or the relevant part thereof) as provided in GCC Clause 22 (Defect Liability) hereof.
- (n) "Effective Date" means the date of Notification of Award from which the Time for Completion shall be determined.
- (o) "Employer" means the firm/corporation/ government entity, named in the SCC, who is responsible for getting the Facilities implemented. The Employer may be Owner himself or an

agency appointed by the Owner and shall include the legal successors or permitted assigns of the Employer.

- (p) “Facilities” means the Plant and Equipment to be supplied and installed, as well as all the Installation Services to be carried out by the Contractor under the Contract.
- (q) “GCC” means the General Conditions of Contract hereof.
- (r) “Guarantee Test(s)” means the test(s) specified in the Technical Specifications to be carried out to ascertain whether the Facilities or a specified part thereof is able to attain the Functional Guarantees specified in the Technical Specifications in accordance with the provisions of GCC Sub-Clause 20.2.1 (Guarantee Test) hereof during/after successful Commissioning followed by Trial - Operation.
- (s) “Installation Services” means all those services ancillary to the supply of the Plant and Equipment for the Facilities, to be provided by the Contractor under the Contract; e.g., transportation and provision of marine or other similar insurance, inspection, expediting, site preparation works (including the provision and use of Contractor’s Equipment and the supply of all construction materials required), installation, testing, precommissioning, commissioning, operations, maintenance, the provision of operations and maintenance manuals, training, etc.
- (t) “Month” means calendar month of the Gregorian Calendar.
- (u) “Notification of Award” means the official notice issued by the Employer notifying the Contractor that his bid has been accepted.
- (v) “Operational Acceptance” means the acceptance by the Employer of the Facilities (or any part of the Facilities where the Contract provides for acceptance of the Facilities in parts), which certifies the Contractor’s fulfillment of the Contract in respect of Functional Guarantees of the Facilities (or the relevant part thereof) in accordance with the provisions of GCC Sub-Clause 20.2.2 (Operational Acceptance) hereof after successful Commissioning followed by Trial - Operation.
- (w) “Owner” means the firm/corporation/government entity, named in the SCC, who has decided to set up the Facilities and

shall include the legal successors or permitted assigns of the Owner.

- (x) "Plant and Equipment" means permanent plant, equipment, machinery, apparatus, articles and things of all kinds to be provided and incorporated in the Facilities by the Contractor under the Contract (including the spare parts to be supplied by the Contractor under GCC Sub-Clause 3.3 hereof), but does not include Contractor's Equipment.
- (y) "Precommissioning" means the testing, checking and other requirements specified in the Technical Specifications that are to be carried out by the Contractor in preparation for Commissioning as provided in GCC Sub-Clause 20.1.2 (Pre-Commissioning) hereof.
- (z) "Project Manager" means the person appointed by the Employer in the manner provided in GCC Sub-Clause 13.1 hereof to perform the duties delegated by the Employer.
- (aa) "SCC" means the Special Conditions of Contract.
- (bb) "Site" means the land and other places upon which the Facilities are to be installed, and such other land or places as may be specified in the Contract as forming part of the Site.
- (cc) "Subcontractor"/"vendor"/"sub-vendor" means firms/corporations/government entities to whom execution of any part of the Facilities, including preparation of any design or supply of any Plant and Equipment, is sub-contracted directly or indirectly by the Contractor with the consent of the Employer in writing, and includes its legal successors or permitted assigns.
- (dd) "Taking Over" means the Employer's written acceptance of the Facilities under the Contract, after successful Trial - Operation for the specified period in accordance with the Contract, as provided in GCC Sub-Clause 20.1.5.
- (ee) "Time for Completion" means the time within which Completion of the Facilities is to be attained in accordance with the specifications, as a whole (or of a part of the Facilities where a separate Time for Completion of such part has been prescribed in the SCC) and "Taking Over" by the Employer is to be attained.

## **2. Interpretation**

### **2.1 Contract**

2.1.1 The Contracts to be entered into with the successful Bidder shall be as under:

- (i) First Contract: For Ex works supply of all equipments and materials including mandatory spares and Type Test to be conducted (whether in India or abroad) (*Supply of Goods Contract*)
- (ii) Second Contract: For providing all services i.e. inland transportation for delivery at site, In-transit insurance, unloading, handling at site, installation, Testing and Commissioning including performance testing in respect of all the equipments supplied under the "First Contract", Training to be imparted (whether in India or abroad) and any other services specified in the Contract Documents (*Supply of Services Contract*).

2.1.2 The award of two separate Contracts shall not in any way dilute the responsibility of the Contractor for the successful completion of the facilities as per Specification and a breach in one Contract shall automatically be construed as a breach of the other Contract(s) which will confer a right on the Employer to terminate the other Contract(s) also at the risk and the cost of the Contractor.

2.1.3 The Contract will be signed in two originals and the Contractor shall be provided with one signed original and the rest will be retained by the Employer.

2.1.4 The Contractor shall provide free of cost to the Employer all the engineering data, drawing and descriptive materials submitted with the bid, in at least two (2) copies to form a part of the Contract immediately after Notification of Award.

### **2.2 Contract Documents**

All documents forming part of the Contract (and all parts thereof) are intended to be correlative, complementary and mutually explanatory, subject to Article 1.2 (Order of Precedence) of the Contract Agreement. The Contract shall be read as a whole.

### 2.3 Language

The ruling language of the Contract and the language for communications shall be English.

### 2.4 Singular and Plural

The singular shall include the plural and the plural the singular, except where the context otherwise requires.

### 2.5 Headings

The headings and marginal notes in the General Conditions of Contract are included for ease of reference, and shall neither constitute a part of the Contract nor affect its interpretation.

### 2.6 Entire Agreement

Subject to GCC Sub-Clause 12.4 hereof, the Contract constitutes the entire agreement between the Employer and Contractor with respect to the subject matter of Contract and supersedes all communications, negotiations and agreements (whether written or oral) of parties with respect thereto made prior to the date of Contract.

### 2.7 Amendment

No amendment or other variation of the Contract shall be effective unless it is in writing, is dated, expressly refers to the Contract, and is signed by a duly authorized representative of each party hereto.

### 2.8 Independent Contractor

The Contractor shall be an independent contractor performing the Contract. The Contract does not create any agency, partnership, joint venture or other joint relationship between the parties hereto.

Subject to the provisions of the Contract, the Contractor shall be solely responsible for the manner in which the Contract is performed. All employees, representatives or Subcontractors engaged by the Contractor in connection with the performance of the Contract shall be under the complete control of the Contractor and shall not be deemed to be employees of the Employer, and nothing contained in the Contract or in any subcontract awarded by the Contractor shall be construed to create any contractual relationship



between any such employees, representatives or Subcontractors and the Employer.

## 2.9 Joint Venture

If the Contractor is a joint venture of two or more firms, all such firms shall be jointly and severally bound to the Employer for the fulfillment of the provisions of the Contract and shall designate one of such firms to act as a leader with authority to bind the joint venture. The composition or the constitution of the joint venture shall not be altered without the prior written consent of the Employer.

## 2.10 Non-Waiver

2.10.1 Subject to GCC Sub-Clause 2.10.2 below, no relaxation, forbearance, delay or indulgence by either party in enforcing any of the terms and conditions of the Contract or the granting of time by either party to the other shall prejudice, affect or restrict the rights of that party under the Contract, nor shall any waiver by either party of any breach of Contract operate as waiver of any subsequent or continuing breach of Contract.

2.10.2 Any waiver of a party's rights, powers or remedies under the Contract must be in writing, must be dated and signed by an authorized representative of the party granting such waiver, and must specify the right and the extent to which it is being waived.

## 2.11 Severability

If any provision or condition of the Contract is prohibited or rendered invalid or unenforceable, such prohibition, invalidity or unenforceability shall not affect the validity or enforceability of any other provisions and conditions of the Contract.

## 2.12 Country of Origin

"Origin" means the place where the materials, equipment and other supplies for the Facilities are mined, grown, produced or manufactured, and from which the services are provided. Plant and equipment are produced when, through manufacturing, processing or substantial and major assembling of components, a commercially recognized product results that is substantially different in basic characteristics or in purpose or utility from its components.

## 2.13 Notices

2.13.1 Unless otherwise stated in the Contract, all notices to be given under the Contract shall be in writing, and shall be sent by personal delivery, special courier, telegraph, facsimile or Electronic Data Interchange (EDI) to the address of the relevant party set out in the Contract Agreement, with the following provisions:

- (a) Any notice sent by telegraph, facsimile or EDI shall be confirmed within two (2) days after dispatch by notice sent by special courier, except as otherwise specified in the Contract.
- (b) Any notice sent by special courier shall be deemed (in the absence of evidence of earlier receipt) to have been delivered ten (10) days after dispatch. In proving the fact of dispatch, it shall be sufficient to show that the envelope containing such notice was properly addressed, stamped and conveyed to the postal authorities or courier service for transmission by special courier. Provided further that whenever the postal authorities or courier service provide a proof of delivery, the same shall also be applicable for presenting the fact of dispatch.
- (c) Any notice delivered personally or sent by telegraph, facsimile or EDI shall be deemed to have been delivered on date of its dispatch.
- (d) Either party may change its postal, facsimile or EDI address or addressee for receipt of such notices by ten (10) days' notice to the other party in writing.

2.13.2 Notices shall be deemed to include any approvals, consents, instructions, orders and certificates to be given under the Contract.

## 2.14 Governing Law & its Jurisdiction

The Contract shall be governed by and interpreted in accordance with laws of Union of India and the Courts of New Delhi shall have exclusive jurisdiction in all matters arising under this Contract.

## **B. Subject Matter of Contract**

### **3. Scope of Facilities**

3.1 Unless otherwise expressly limited in the Technical Specifications, the Contractor's obligation shall include the provision of all Plant

and Equipment and the performance of all Installation Services required for the design, the manufacture (including procurement, quality assurance, construction, installation, associated civil works, Precommissioning and delivery) of the Plant and Equipment and the installation, completion, commissioning and performance testing of the facilities in accordance with the plans, procedures, specifications, drawings, codes and any other documents as specified in the Technical specifications. Such specifications include, but are not limited to, the provision of supervision and engineering services; the supply of labour, materials, equipment, spare parts (as specified in GCC Sub-Clause 3.3 below) and accessories; Contractor's Equipment; construction utilities and supplies; temporary materials, structures and facilities; transportation (including without limitation, all clearances, handling etc.); storage and training except for those supplies, works and services that will be provided or performed by the Employer, as set forth in Appendix-6 (Scope of Works and Supply by the Employer) to the Contract Agreement

- 3.2 The Contractor shall, unless specifically excluded in the Contract, perform all such work and/or supply all such items and materials not specifically mentioned in the Contract but that can be reasonably inferred from the Contract as being required for attaining Completion of the Facilities as if such work and/or items and materials were expressly mentioned in the Contract.
- 3.3 The supply of Mandatory Spare Parts, if any, shall be included in the Contract. Beside the aforesaid Mandatory Spares parts, the Contractor shall ensure the availability of spare parts required for the operation and maintenance of the Facilities to the Employer for a minimum period of 15 years from Completion of the Facilities. The Contractor shall carry sufficient inventories to ensure an ex-stock supply of consumable spares for the plant and equipment. If so desired by the Employer, the Contractor shall submit the specifications, price and the terms and conditions relating to the supply thereof for such spares identified by the Employer with validity period of 6 months within 30 days of receipt of request from Employer for its consideration and placement of order.
- 3.4 The Contractor shall guarantee that in the event of termination of production of spare parts by the Contractor or his Sub-Contractor:
- (i) The Contractor shall send advance notification to the Employer of the pending termination, with 2 (two) years time to permit the Employer to procure needed requirements, and

- (ii) Following such termination, the Contractor shall furnish at no cost to the Employer the blueprints, drawings and specification of the spare parts, if requested.

3.5 In case the Contractor fails to supply the spares parts in accordance with the terms stipulated above, the Employer shall sanction the Contractor declaring them ineligible for a stated period of time for future projects.

#### **4. Time for Commencement and Completion**

4.1 The Contractor shall commence work on the Facilities from the Effective Date of Contract and without prejudice to GCC Sub-Clause 21.2 hereof, the Contractor shall thereafter proceed with the Facilities in accordance with the time schedule specified in the corresponding Appendix – 4 (Time Schedule) to the Contract Agreement.

4.2 The Contractor shall attain Completion of the Facilities (or of a part where a separate time for Completion of such part is specified in the Contract) within the time stated under Time for Completion or within such extended time to which the Contractor shall be entitled under GCC Clause 34 hereof.

#### **5. Contractor's Responsibilities**

5.1 The Contractor shall design, manufacture (including associated purchases and/or subcontracting), install and complete the Facilities with due care and diligence in accordance with the Contract.

5.2 The Contractor confirms that it has entered into this Contract on the basis of a proper examination of the data relating to the Facilities (including any data as to boring tests) provided by the Employer, and on the basis of information that the Contractor could have obtained from a visual inspection of the Site (if access thereto was available) and of other data readily available to it relating to the Facilities as of the date twenty-eight (28) days prior to bid submission. The Contractor acknowledges that any failure to acquaint itself with all such data and information shall not relieve its responsibility for properly estimating the difficulty or cost of successfully performing the Facilities.

5.3 The Contractor shall acquire in its name all permits, approvals and/or licenses from all local, state or national government authorities or public service undertakings in the country where the Site is located that are necessary for the performance of the Contract, including, without limitation, visas for the Contractor's and

Subcontractor's personnel and entry permits for all imported Contractor's Equipment. The Contractor shall acquire all other permits, approvals and/or licenses that are not the responsibility of the Employer under GCC Sub-Clause 6.3 hereof and that are necessary for the performance of the Contract.

- 5.4 The Contractor shall comply with all laws in force in India. The laws will include all local, state, national or other laws that affect the performance of the Contract and bind upon the Contractor. The Contractor shall indemnify and hold harmless the Employer from and against any and all liabilities, damages, claims, fines, penalties and expenses of whatever nature arising or resulting from the violation of such laws by the Contractor or its personnel, including the Subcontractors and their personnel, but without prejudice to GCC Sub-Clause 6.1 hereof.
- 5.5 Any Plant, Material and Services that will be incorporated in or be required for the Facilities and other supplies shall have their origin as specified under GCC Sub-Clause 2.12 (Country of Origin).
- 5.6 The Contractor shall permit the Employer to inspect the Contractor's accounts and records relating to the performance of the Contractor.

## **6. Employer's Responsibilities**

- 6.1 The Employer shall ensure the accuracy of all information and/or data to be supplied by the Employer as described in the corresponding Appendix - 6 (Scope of Works and Supply by the Employer) to the Contract, except when otherwise expressly stated in the Contract.
- 6.2 The Employer shall be responsible for acquiring and providing legal and physical possession of the Site and access thereto, and for providing possession of and access to all other areas reasonably required for the proper execution of the Contract, including all requisite rights of way, as specified in the corresponding Appendix - 6 (Scope of Works and Supply by the Employer) to the Contract Agreement. The Employer shall give full possession of and accord all rights of access thereto on or before the date(s) specified in that Appendix.
- 6.3 The Employer shall acquire and pay for all permits, approvals and/or licenses from all local, state or national government authorities or public service undertakings in the country where the Site is located which such authorities or undertakings require the Employer to obtain them in the Employer's name, are necessary for

the execution of the Contract (they include those required for the performance by both the Contractor and the Employer of their respective obligations under the Contract), including those specified in Appendix 6 (Scope of Works and Supply by the Employer) to the Contract Agreement.

- 6.4 If requested by the Contractor, the Employer shall use its best endeavors to assist the Contractor in obtaining in a timely and expeditious manner all permits, approvals and/or licenses necessary for the execution of the Contract from all local, state or national government authorities or public service undertakings that such authorities or undertakings require the Contractor or Subcontractors or the personnel of the Contractor or Subcontractors, as the case may be, to obtain.
- 6.5 Unless otherwise specified in the Contract or agreed upon by the Employer and the Contractor, the Employer shall provide sufficient, properly qualified operating and maintenance personnel; shall supply and make available all raw materials, utilities, lubricants, chemicals, catalysts, other materials and facilities; and shall perform all work and services of whatsoever nature, to enable the Contractor to properly carry out Commissioning, all in accordance with the provisions of Appendix 6 (Scope of Works and Supply by the Employer) to the Contract Agreement at or before the time specified in the program furnished by the Contractor under GCC Sub-Clause 14.2 (Program of Performance) hereof and in the manner thereupon specified or as otherwise agreed upon by the Employer and the Contractor.
- 6.6 The Employer shall be responsible for the continued operation of the Facilities after Taking Over, in accordance with GCC Sub-Clause 20.1.5.
- 6.7 All costs and expenses involved in the performance of the obligations under this GCC Clause 6 shall be the responsibility of the Employer.

## **C. Payment**

### **7. Contract Price**

- 7.1 The Contract Price shall be as specified in Article 2 (Contract Price and Terms of Payment) of the Form of Contract Agreement.
- 7.2 The Contract Price shall be subject to adjustment in accordance with the provisions of Appendix 2 (Price Adjustment) to the Contract Agreement. The Contract Price shall be increased or reduced on

account of variation in quantity in accordance with Clause 33 of GCC.

- 7.3 Subject to GCC Sub-Clauses 5.2 and 6.1 hereof, the Contractor shall be deemed to have satisfied itself as to the correctness and sufficiency of the Contract Price, which shall, except as otherwise provided for in the Contract, cover all its obligations under the Contract.

## **8. Terms of Payment**

- 8.1 The Contract Price shall be paid as specified in the corresponding Appendix - 1 (Terms and Procedures of Payment) to the Contract Agreement. The procedures to be followed in making application for and processing payments shall be those outlined in the same Appendix.
- 8.2 All payments under the Contract shall be made in Indian Rupees.

## **9. Securities**

### **9.1 Issuance of Securities**

The Contractor shall provide the securities specified below in favor of the Employer at the times, and in the amount, manner and form specified below.

### **9.2 Advance Payment Security**

- 9.2.1 The Contractor shall, within twenty-eight (28) days of the notification of contract award, provide a security in an amount equal to as follows:

- a. 110% (one hundred ten percent) of the amount of Advance for Supply of Goods; and
- b. 110% (one hundred ten percent) of the {amount of Advance} plus {amount of GST reimbursable on Advance as per the Proforma invoice} for Supply of Services.

The above shall be calculated in accordance with the corresponding Appendix - 1 (Terms and Procedures of Payment) to the Contract Agreement, and in the same currency(ies) with initial validity of up to ninety (90) days beyond the date of Completion of the Facilities in accordance with GCC Sub-Clause 20.1. The same shall be extended by the Contractor time to time till ninety (90) days beyond the actual

date of Completion of the Facilities, as may be required under the Contract.

- 9.2.2 The security shall be in the Form of unconditional Bank Guarantee attached hereto in Section VI - Sample Forms and Procedures. The security shall be discharged after completion of the facilities or relevant part thereof corresponding to which advance has been drawn.

- Procedure for effective reduction in the Advance Payment Security

The Advance Payment Security shall be allowed to be reduced every six (06) months after First Running Account Bill/Stage payment under the Contract if the validity of the Bank Guarantee is more than one year. The cumulative amount of reduction at any point of time shall not exceed seventy five percent (75%) of the advance corresponding to cumulative value of the Facilities completed as per a certificate to be issued by the Project Manager. It should be clearly understood that reduction in the value of advance Bank Guarantee shall not in any way dilute the Contractor's responsibility and liabilities under the Contract including in respect of the Facilities for which reduction in the value of security is allowed.

9.3 Performance Security

- 9.3.1 The Contractor shall, within twenty-eight (28) days of the notification of award, provide a performance security for the due performance of the Contract in the amount equivalent to Ten percent (10%) of the Contract Price, with a validity upto ninety (90) days beyond the Defect Liability Period. The same shall be extended by the Contractor time to time till ninety (90) days beyond the actual Defect Liability Period, as may be required under the Contract.

Apart from the Contractor's performance security, the Contractor shall be required to arrange additional performance securities, as specified in SCC, within twenty-eight (28) days of the notification of award in favour of the Employer in the form acceptable to the Employer.

- 9.3.1.1 Notwithstanding above, in case of the performance security (ies) for which the validity as per GCC Clause 9.3.1 is required to be more than 5 years, the Contractor may choose to submit the performance security with initial validity of 5 years. In such cases, the Contractor shall, however be required to extend the validity till ninety (90) days beyond the actual Defect Liability Period, as may be required under



the Contract at any time, but no later than 6 months, prior to expiry of the performance security failing which the said performance security shall be forfeited by the Employer.

9.3.1.2 If the Contractor delays submission of the performance security(ies) vis-à-vis the period specified in Clause GCC 9.3.1, then without prejudice to any other rights or remedies available with the Employer, following shall also be applicable:

- a) The Defect Liability Period pursuant to Clause GCC 22 for the Facilities or any relevant part thereof covered under the said performance security shall stand extended and the Contractor shall accordingly extend the validity of the Contract Performance Security to be furnished as per Clause GCC 9.3.1 by the period of delay as per Clause GCC 9.3.1.2 (c), over and above the period required as per the Contract.
- b) Alternatively, if the Contractor fails to extend the validity of the performance security pursuant to Clause GCC 9.3.1.1 (b), an amount @preailing SBI Card Rate applicable for Inland Bank Guarantee +2% per annum on the performance security amount corresponding to the Facilities or any relevant part thereof covered under the said performance security, for the period of delay as per Clause GCC 9.3.1.2 (c) shall be paid by the Contractor to the Employer. The Employer may, without prejudice to any other method of recovery, deduct the amount worked out as above from any monies due or to become due to the Contractor under the Contract.
- c) The period of delay for the above purpose shall be the time elapsed between the due date for submission of performance security as per the Contract and the date of performance security.
- d) In case the Contractor fails to submit the performance security within 90 days of the Notification of Award, the Employer, without prejudice to any other rights or remedies it may possess under the Contract, may forfeit the bid security and/or may terminate the Contract forthwith pursuant to GCC Clause 36.

9.3.1.3 The above extension of Defect Liability Period or deduction shall not relieve the Contractor from any of his obligations and liabilities under the Contract.

9.3.1.4 The Employer shall be sole judge in above regard.

9.3.1.5 Apart from the performance security(ies) to be furnished as per Clause GCC 9.3.1 above, additional performance securities, as specified in the Bidding Documents, shall be arranged and furnished by the Contractor at any time after the Notification of Award. The submission of these performance securities to the Employer shall, however, be one of the conditions precedent for release of payment (other than Initial/Mobilisation advance) due against such equipment/ works for which the said performance security is required to be submitted.

9.3.2 The performance security shall be in the Form of unconditional Bank Guarantee attached hereto in the Section VI - Sample Forms and Procedures.

9.3.3 Reduction in the security pro rata to the Contract Price of any part of the Facilities is not admissible. However, if the Defects Liability Period has been extended on any part of the Facilities pursuant to GCC Sub-Clause 22.8 hereof, the Contractor shall issue an additional security in an amount proportionate to the Contract Price of that part. The security shall be returned to the Contractor immediately after its expiration, provided, however, that if the Contractor pursuant to GCC Sub-Clause 22, is liable for an extended warranty obligation, the performance security shall be reduced to ten percent (10%) of the value of the component covered by the extended warranty.

9.3.4 In case of award of the contract to a Joint Venture, the Bank Guarantees for performance security and the Bank Guarantee for advance payment shall be submitted in the name of all the partner(s) of the Joint Venture

#### 9.4 Issuing Banks

The Bank Guarantee for Advance Payment Security and Performance Security are to be provided by the Contractor, which should be issued either:

- (a) by a Public Sector Bank located in India, or
- (b) a scheduled Indian Bank having paid up capital (net of any accumulated losses) of Rs. 1,000 Million or above (the latest annual report of the Bank should support compliance of capital adequacy ratio requirement) *as per attached list only* **[List is placed at Annexure-I to Special Conditions of Contract (SCC)]**, or

- (c) by a foreign bank or a subsidiary of a foreign bank, acceptable to the Employer, with overall international corporate rating or rating of long term debt not less than A- (A minus) or equivalent by a reputed rating agency. Further, the Bank Guarantee should be confirmed by either (i) its corresponding bank located in India; or (ii) a Public Sector Bank located in India; or (iii) a scheduled commercial private bank located in India *as per the attached list only* [**List is placed at Annexure-I to Special Conditions of Contract (SCC)**].

## 9.5 Indemnity

9.5.1 For the equipment/material to be provided by the Contractor, it will be the responsibility of the Contractor to take delivery, unload and store the materials at Site and execute an Indemnity Bond and obtain authorisation letter from Employer as per proforma enclosed at Section VI (Sample Forms and Procedures), in favour of the Employer against loss, damage and any risks involved for the full value of the materials. This Indemnity Bond shall be furnished by the Contractor before commencement of the supplies and shall be valid till the scheduled date of Taking Over of the equipment by the Employer.

9.5.2 In case of divisible Contracts, where the Employer hands over his equipment to the Contractor for executing the Contract, then the Contractor shall, at the time of taking delivery of the equipment through Bill of Lading or other despatch documents, furnish trust Receipt for Plant, Equipment and Materials and also execute an Indemnity Bond in favour of the Employer in the form acceptable to the Employer for keeping the equipment in safe custody and to utilize the same exclusively for the purpose of the said Contract. Samples of proforma for the Trust receipt and Indemnity Bond are enclosed under Section VI (Sample Forms and Procedures). The Employer shall also issue a separate Authorization Letter to the Contractor to enable him to take physical delivery of plant, equipment and materials from the Employer as per proforma enclosed under Section VI (Sample Forms and Procedures).

## 10. Taxes and Duties

10.1 The Contractor shall be entirely responsible for payment of all taxes, duties, licence fees and other such levies legally payable/incurred until delivery of the contracted supplies to the Employer.

If it is statutory requirement to make deductions towards such taxes and duties or any other applicable taxes and duties, the same shall be

made by the Employer and a certificate for the same shall be issued to the Contractor.

- 10.2 The Contractor shall be solely responsible for the taxes that may be levied on the Contractor's persons or on earnings of any of his employees and shall hold the Employer indemnified and harmless against any claims that may be made against the Employer. The Employer does not take any responsibility whatsoever regarding taxes under Indian Income Tax Act, for the Contractor or his personnel. If it is obligatory under the provisions of the Indian Income Tax Act, deduction of Income Tax at source shall be made by the Employer.
- 10.3 In respect of supply of goods to the Employer by the Contractor, the EXW price is inclusive of all cost as well as duties and tax (viz., custom duties & levies, duties, GST etc.) paid or payable on components, raw materials and any other items used for their consumption incorporated or to be incorporated in the Plant & Equipment.

Further, the EXW price of (i) imported Equipments/items offered as 'Off the Shelf' or dispatched directly from the Indian Port of disembarkation are inclusive of all cost as well as any duties paid/payable in relation to import of such goods (viz., Customs duties, GST & levies etc.) and no separate claim on this behalf will be entertained by the Employer. If any tax exemptions, reductions, allowances or privileges may be available to the Contractor in the Country where the site is located and the Contractor has declared the same in its bid, the Employer shall use its best endeavors to enable the Contractor to benefit from such tax savings to the maximum allowable extent.

The Input Tax Credit (ITC) available, if any, under GST as per the relevant Government laws wherever applicable has been taken into account by the Contractor.

- 10.4 Ex-works price for the supply of goods viz. Equipment/items by the Contractor is excluding GST, if any, payable. The GST will be reimbursable (along with subsequent variation if any), by the Employer on the supplies made by the Contractor but limited to the tax liability on the transaction between the Employer and the Contractor.

Type test charges, if applicable, are excluding GST, if any, payable. Type test shall be considered an incidental expense incurred prior to the supply of goods viz. Equipment/items and would be added to

the value of goods viz. Equipment/items for GST purposes and GST for Type Test shall be reimbursed at the rate applicable for such Equipment/items.

Further the price for supply of services viz. Installation and training are excluding GST, if any, payable. The GST will be reimbursable (along with subsequent variation if any), by the Employer on the supplies made by the Contractor but limited to the tax liability on the transaction between the Employer and the Contractor.

It is the Employer's understanding that as per extant provisions, on the charges for supply of services related to Inland transportation, In-transit insurance, loading and unloading by the Contractor to the Employer, GST is not payable. The Contractor is, however, advised to check the position from their own sources. If payable, the same shall be to the Contractor's account and Employer shall not reimburse any GST on this account.

- 10.5 Employer would not bear any liability on account of any other taxes, duties, levies applicable locally.
- 10.6 Employer shall, deduct taxes at source as per the applicable laws/rules, if any, and issue Tax Deduction at Source (TDS) Certificate to the Contractor.
- 10.7 Reimbursement of GST by the Employer shall be at the rate applicable on the HSN/SAC of the goods/ services supplied by the Contractor to the Employer. The reimbursement of GST except GST on advance payment shall be against Invoice/Debit Note containing particulars specified under the GST Act and related Rules, Notifications, etc as notified by the Government in this regard. In the event that the Contractor fails to provide the invoice in the form and manner prescribed under the GST Act and Rules, the Employer shall not be liable to make any payment against such invoice. Reimbursement of GST payment against Advance payment (applicable for Supply of Services) shall be against a proforma invoice. Further, the Contractor shall, within 7 days from the date of receipt of Advance, furnish an Advance Receipt Voucher to the Employer, as prescribed under the GST Law.

If there is difference in HSN/SAC classification and corresponding rate of GST of an item as confirmed/deemed confirmed by the bidder in its bid and HSN/SAC and corresponding rate of GST as interpreted under any interpretation/ judgment/ Notification/ Circular/ amendment issued under the GST law before or after the award of contract, GST reimbursable to the bidder/Contractor shall

be lower of the GST applicable at the rate as confirmed/deemed confirmed in the bid or actual GST paid/payable by the bidder for that item.

- 10.8 The Contractor shall comply with all tax laws in force in India. The Contractor shall indemnify and hold harmless the Employer from and against any and all liabilities, interest, damages, claims, fines, penalties and expenses of whatever nature arising or resulting from the violation of such tax laws by the Contractor or its personnel, including the Subcontractors and their personnel.
- 10.9 Owner's GSTIN number in each state/UT is published on the Owner's company website <https://www.powergridindia.com>. While raising invoice/proforma invoice for Supply of Goods, Contractor shall bill to and ship to the address of the Owner in the State/UT where the Goods or part thereof is to be Supplied and mention GSTIN of Owner in of the same state/UT. In case of Supply of Services, the Contractor shall invoice the Owner using the GSTIN of Owner in the state/UT in which the service or part thereof is to be rendered.
- 10.10 Notwithstanding anything above or elsewhere in the Contract, in the event that the input tax credit of the GST charged by the Contractor is denied by the tax authorities to the Employer for reasons associated with non-compliance/ incorrect compliance by the Contractor, the Employer shall be entitled to recover such amount from the Contractor by way of adjustment from any of the subsequent invoices submitted by the Contractor to the Employer. In addition to the amount of GST, the Employer shall also be entitled to recover interest and penalty, in case any interest and/or penalty are imposed by the tax authorities on the Employer for incorrect/wrong availment of Input Tax Credit. The Employer shall determine whether the denial of credit is linked to the non-compliance/ incorrect compliance of the Contractor and the said determination shall be binding on the Contractor.
- 10.11 For the purpose of the Contract, it is agreed that the Contract Price specified in Article 2(Contract Price and Terms of Payment) of the Contract Agreement is based on the taxes, duties, levies and charges prevailing at the date seven (07) days prior to the last date of bid submission (hereinafter called "Tax" in this GCC Sub-clause 10.7). If any rates of Tax are increased or decreased, a new Tax is introduced, an existing Tax is abolished, or any change in interpretation except for classification related purpose, or application of any Tax occurs in the course of the performance of the Contract, which was or will be assessed on the Contractor in connection with performance of the Contract, an equitable adjustment of the Contract price shall be made

to fully take into account any such change by addition to the Contract price or deduction therefrom, as the case may be, in accordance with GCC Clause 31 (Changes in Laws and Regulations) hereof. These adjustments shall be applicable for all transactions between the Employer and the Contractor for supply of goods and services under the Contract but shall not be applicable on procurement of raw materials, intermediary components etc. by the Contractor and on account of variation in taxes, duties & levies applicable locally.

In respect of raw materials, intermediary components etc and the taxes, duties & levies applicable locally, neither the Employer nor the Contractor shall be entitled to any claim arising due to increase or decrease in the rate of Tax, introduction of a new Tax or abolition of an existing Tax in the course of the performance of the Contract.

#### **D. Intellectual Property**

##### **11. Copy Right**

- 11.1 The copyright in all drawings, documents and other materials containing data and information furnished to the Employer by the Contractor herein shall remain vested in the Contractor or, if they are furnished to the Employer directly or through the Contractor by any third party, including supplies of materials, the copyright in such materials shall remain vested in such third party.

The Employer shall however be free to reproduce all drawings, documents and other material furnished to the Employer for the purpose of the Contract including, if required, for operation and maintenance.

- 11.2 The copyright in all drawings, documents and other materials containing data and information furnished to the Contractor by the Employer herein shall remain vested in the Employer.

##### **12. Confidential Information**

- 12.1 The Employer and the Contractor shall keep confidential and shall not, without the written consent of the other party hereto, divulge to any third party any documents, data or other information furnished directly or indirectly by the other party hereto in connection with the Contract, whether such information has been furnished prior to, during or following termination of the Contract. Notwithstanding the above, the Contractor may furnish to its Subcontractor(s) such

documents, data and other information it receives from the Employer to the extent required for the Subcontractor(s) to perform its work under the Contract, in which event the Contractor shall obtain from such Subcontractor(s) an undertaking of confidentiality similar to that imposed on the Contractor under this GCC Clause 12.

- 12.2 The Employer shall not use such documents, data and other information received from the Contractor for any purpose other than the operation and maintenance of the Facilities. Similarly, the Contractor shall not use such documents, data and other information received from the Employer for any purpose other than the design, procurement of Plant and Equipment, construction or such other work and services as are required for the performance of the Contract.
- 12.3 The obligation of a party under GCC Sub-Clauses 12.1 and 12.2 above, however, shall not apply to that information which
- (a) now or hereafter enters the public domain through no fault of that party
  - (b) can be proven to have been possessed by that party at the time of disclosure and which was not previously obtained, directly or indirectly, from the other party hereto
  - (c) otherwise lawfully becomes available to that party from a third party that has no obligation of confidentiality.
- 12.4 The above provisions of this GCC Clause 12 shall not in any way modify any undertaking of confidentiality given by either of the parties hereto prior to the date of the Contract in respect of the Facilities or any part thereof.
- 12.5 The provisions of this GCC Clause 12 shall survive termination, for whatever reason, of the Contract.

#### **E. Execution of the Facilities**

### **13. Representatives**

- 13.1 If the Project Manager is not named in the Contract, then within fourteen (14) days of the Effective Date, the Employer shall appoint and notify the Contractor in writing of the name of the Project Manager. The Employer may from time to time appoint some other person as the project Manager in place of the person previously so appointed, and shall give a notice of the name of such other person to the Contractor without delay. The Employer shall take all reasonable care to see that no such appointment is made at such a



time or in such a manner as to impede the progress of work on the Facilities. The Project Manager shall represent and act for the Employer at all times during the currency of the Contract. All notices, instructions, orders, certificates, approvals and all other communications under the Contract shall be given by the Project Manager, except as herein otherwise provided.

All notices, instructions, information and other communications given by the Contractor to the Employer under the Contract shall be given to the Project Manager, except as herein otherwise provided.

### 13.2 Contractor's Representative & Construction Manager

13.2.1 If the Contractor's Representative is not named in the Contract, then within fourteen (14) days of the Effective Date, the Contractor shall appoint the Contractor's Representative and shall request the Employer in writing to approve the person so appointed. If the Employer makes no objection to the appointment within fourteen (14) days, the Contractor's Representative shall be deemed to have been approved. If the Employer objects to the appointment within fourteen (14) days giving the reason therefor, then the Contractor shall appoint a replacement within fourteen (14) days of such objection, and the foregoing provisions of this GCC Sub-Clause 13.2.1 shall apply thereto.

13.2.2 The Contractor's Representative shall represent and act for the Contractor at all times during the currency of the Contract and shall give to the Project Manager all the Contractor's notices, instructions, information and all other communications under the Contract. All notices, instructions, information and all other communications given by the Employer or the Project Manager to the Contractor under the Contract shall be given to the Contractor's Representative or, in its absence, its deputy, except as herein otherwise provided. The Contractor shall not revoke the appointment of the Contractor's Representative without the Employer's prior written consent, which shall not be unreasonably withheld. If the Employer consents thereto, the Contractor shall appoint some other person as the Contractor's Representative, pursuant to the procedure set out in GCC Sub-Clause 13.2.1.

13.2.3 The Contractor's Representative may, subject to the approval of the Employer (which shall not be unreasonably withheld), at any time delegate to any person any of the powers, functions and authorities vested in him or her. Any such delegation may be revoked at any time. Any such delegation or revocation shall be subject to a prior notice signed by the Contractor's Representative, and shall specify

the powers, functions and authorities thereby delegated or revoked. No such delegation or revocation shall take effect unless and until a copy thereof has been delivered to the Employer and the Project Manager. Any act or exercise by any person of powers, functions and authorities so delegated to him or her in accordance with this GCC Sub-Clause 13.2.3 shall be deemed to be an act or exercise by the Contractor's Representative.

- 13.2.3.1 Notwithstanding anything stated in GCC Sub-Clause 13.1 and 13.2.1 above, for the purpose of execution of Contract, the Employer and the Contractor shall finalize and agree to a Contract Co-ordination Procedure and all the communication under the Contract shall be in accordance with such Contract Coordination Procedure.
- 13.2.4 From the commencement of installation of the Facilities at the Site until Operational Acceptance, the Contractor's Representative shall appoint a suitable person as the construction manager, (hereinafter referred to as "the Construction Manager"). The Construction Manager shall supervise all work done at the Site by the Contractor and shall be present at the Site through-out normal working hours except when on leave, sick or absent for reasons connected with the proper performance of the Contract. Whenever the Construction Manager is absent from the Site, a suitable person shall be appointed to act as his or her deputy.
- 13.2.5 The Employer may by notice to the Contractor object to any representative or person employed by the Contractor in the execution of the Contract who, in the reasonable opinion of the Employer, may behave inappropriately, may be incompetent or negligent, or may commit a serious breach of the Site regulations provided under GCC Sub-Clause 18.3. The Employer shall provide evidence of the same, whereupon the Contractor shall remove such person from the Facilities.
- 13.2.6 If any representative or person employed by the Contractor is removed in accordance with GCC Sub-Clause 13.2.5, the Contractor shall, where required, promptly appoint a replacement.

## **14. Work Program**

### **14.1 Contractor's Organization**

The Contractor shall supply to the Employer and the Project Manager a chart showing the proposed organization to be established by the Contractor for carrying out work on the Facilities. The chart shall include the identities of the key personnel together

with the curricula vitae of such key personnel to be employed within twenty-one (21) days of the Effective Date. The Contractor shall promptly inform the Employer and the Project Manager in writing of any revision or alteration of such an organization chart.

#### 14.2 Program of Performance

Within twenty-eight (28) days after the date of Notification of Award, the Contractor shall prepare and submit to the Project Manager a detailed program of performance of the Contract (L2 Network) in the form of the Critical Path Method (CPM), the PERT network, or other internationally used programs and showing the sequence in which it proposes to design, manufacture, transport, assemble, install and pre-commissioning the Facilities, as well as the date by which the Contractor reasonably requires that the Employer shall have fulfilled its obligations under the Contract so as to enable the Contractor to execute the Contract in accordance with the program and to achieve Completion, Commissioning and Acceptance of the Facilities in accordance with the Contract. The program so submitted by the Contractor shall accord with the Time Schedule included in Appendix-4 (Time Schedule) to the Contract Agreement and any other dates and periods specified in the Contract. The Contractor shall update and revise the program as and when appropriate or when required by the Project Manager, but without modification in the Times for Completion under GCC Sub-Clause 4.2 and any extension granted in accordance with GCC Clause 34, and shall submit all such revisions to the Project Manager.

#### 14.3 Progress Report

The Contractor shall monitor progress of all the activities specified in the program referred to in GCC Sub-Clause 14.2 above, and supply a progress report to the Project Manager every month.

The progress report shall be in a form acceptable to the Project Manager and shall indicate: (a) percentage completion achieved compared with the planned percentage completion for each activity; and (b) where any activity is behind the program, giving comments and likely consequences and stating the corrective action being taken.

#### 14.4 Progress of Performance

If at any time the Contractor's actual progress falls behind the program referred to in GCC Sub-Clause 14.2, or it becomes apparent that it will so fall behind, the Contractor shall, at the request of the

Employer or the Project Manager, prepare and submit to the Project Manager a revised program, taking into account the prevailing circumstances, and shall notify the Project Manager of the steps being taken to expedite progress so as to attain Completion of the Facilities within the Time for Completion under GCC Sub-Clause 4.2, any extension thereof entitled under GCC Sub-Clause 34.1, or any extended period as may otherwise be agreed upon between the Employer and the Contractor.

#### 14.5 Work Procedures

The Contract shall be executed in accordance with the Contract Documents and the procedures given in the section on Sample Forms and Procedures of the Contract Documents.

The Contractor may execute the Contract in accordance with its own standard project execution plans and procedures to the extent that they do not conflict with the provisions contained in the Contract.

### 15. Subcontracting

- 15.1 The corresponding Appendix (List of Approved Subcontractors) to the Contract Agreement specifies major items of supply or services and a list of approved Subcontractors against each item, including vendors. Insofar as no Subcontractors are listed against any such item, the Contractor shall prepare a list of Subcontractors for such item for inclusion in such list. The Contractor may from time to time propose any addition to or deletion from any such list. The Contractor shall submit any such list or any modification thereto to the Employer for its approval in sufficient time so as not to impede the progress of work on the Facilities. Such approval by the Employer for any of the Subcontractors shall not relieve the Contractor from any of its obligations, duties or responsibilities under the Contract.
- 15.2 The Contractor shall select and employ its Subcontractors for such major items from those listed in the lists referred to in GCC Sub-Clause 15.1.
- 15.3 For items or parts of the Facilities not specified in the corresponding Appendix (List of Approved Subcontractors) to the Contract Agreement for Supply Contract(s), the Contractor may employ such Subcontractors as it may select, at its discretion.
- 15.4 The Contractor shall furnish the details of items, components, raw materials, services etc. procured from MSEs and consumed for

completion of scope of works under the contract. The details shall be furnished as per the format enclosed at Section VI, Forms, Volume-I of the bidding documents at the time of raising bills for payment against the supplies made/works done.

## **16. Design and Engineering**

### **16.1 Specifications and Drawings**

- 16.1.1 The Contractor shall execute the basic and detailed design and the engineering work in compliance with the provisions of the Contract, or where not so specified, in accordance with good engineering practice.

The Contractor shall be responsible for any discrepancies, errors or omissions in the specifications, drawings and other technical documents that it has prepared, whether such specifications, drawings and other documents have been approved by the Project Manager or not, provided that such discrepancies, errors or omissions are not because of inaccurate information furnished in writing to the Contractor by or on behalf of the Employer.

- 16.1.2 The Contractor shall be entitled to disclaim responsibility for any design, data, drawing, specification or other document, or any modification thereof provided or designated by or on behalf of the Employer, by giving a notice of such disclaimer to the Project Manager.

### **16.2 Codes and Standards**

Wherever references are made in the Contract to codes and standards in accordance with which the Contract shall be executed, the edition or the revised version of such codes and standards current at the date twenty-eight (28) days prior to date of bid submission shall apply unless otherwise specified. During Contract execution, any changes in such codes and standards shall be applied after approval by the Employer and shall be treated in accordance with GCC Clause 33.

### **16.3 Approval/Review of Technical Documents by Project Manager**

- 16.3.1 The Contractor shall prepare (or cause its Subcontractors to prepare) and furnish to the Project Manager the documents listed in Appendix-7 (List of Documents for Approval or Review) to the Contract Agreement for its approval or review as specified and as in

accordance with the requirements of GCC Sub-Clause 14.2 (Program of Performance).

Any part of the Facilities covered by or related to the documents to be approved by the Project Manager shall be executed only after the Project Manager's approval thereof.

GCC Sub-Clauses 16.3.2 through 16.3.7 shall apply to those documents requiring the Project Manager's approval, but not to those furnished to the Project Manager for its review only.

- 16.3.2 Within twenty one (21) days after receipt by the Project Manager of any document requiring the Project Manager's approval in accordance with GCC Sub-Clause 16.3.1, the Project Manager shall either return one copy thereof to the Contractor with its approval endorsed thereon or shall notify the Contractor in writing of its disapproval thereof and the reasons therefor and the modifications that the Project Manager proposes.
- 16.3.3 The Project Manager shall not disapprove any document, except on the grounds that the document does not comply with some specified provision of the Contract or that it is contrary to good engineering practice.
- 16.3.4 If the Project Manager disapproves the document, the Contractor shall modify the document and resubmit it for the Project Manager's approval in accordance with GCC Sub-Clause 16.3.2. If the Project Manager approves the document subject to modification(s), the Contractor shall make the required modification(s), and upon resubmission with the required modifications the document shall be deemed to have been approved.

The procedure for submission of the documents by the Contractor and their approval by the Project Manager shall be discussed and finalized with the Contractor.

- 16.3.5 If any dispute or difference occurs between the Employer and the Contractor in connection with or arising out of the disapproval by the Project Manager of any document and/or any modification(s) thereto that cannot be settled between the parties within a reasonable period, then such dispute or difference may be referred to an Arbitrator for determination in accordance with GCC Sub-Clause 39 hereof. If such dispute or difference is referred to an Arbitrator, the Project Manager shall give instructions as to whether and if so, how, performance of the Contract is to proceed. The Contractor shall proceed with the Contract in accordance with the Project Manager's

instructions, provided that if the Arbitrator upholds the Contractor's view on the dispute and if the Employer has not given notice under GCC Sub-Clause 39 hereof, then the Contractor shall be reimbursed by the Employer for any additional costs incurred by reason of such instructions and shall be relieved of such responsibility or liability in connection with the dispute and the execution of the instructions as the Arbitrator shall decide, and the Time for Completion shall be extended accordingly.

16.3.6 The Project Manager's approval, with or without modification of the document furnished by the Contractor, shall not relieve the Contractor of any responsibility or liability imposed upon it by any provisions of the Contract except to the extent that any subsequent failure results from modifications required by the Project Manager.

16.3.7 The Contractor shall not depart from any approved document unless the Contractor has first submitted to the Project Manager an amended document and obtained the Project Manager's approval thereof, pursuant to the provisions of this GCC Sub-Clause 16.3. If the Project Manager requests any change in any already approved document and/or in any document based thereon, the provisions of GCC Clause 33 shall apply to such request.

## **17. Plant and Equipment**

17.1 Subject to GCC Sub-Clause 10.2, the Contractor shall manufacture or procure and transport all the Plant and Equipment in an expeditious and orderly manner to the Site.

### **17.2 Employer-Supplied Plant, Equipment, and Materials**

If the corresponding Appendix - 6 (Scope of Works and Supply by the Employer) to the Contract Agreement provides that the Employer shall furnish any specific items of machinery, equipment or materials to the Contractor, the following provisions shall apply:

17.2.1 The Employer shall, at its own risk and expense, transport each item to the place on or near the Site as agreed upon by the parties and make such item available to the Contractor at the time specified in the program furnished by the Contractor, pursuant to GCC Sub-Clause 14.2, unless otherwise mutually agreed.

17.2.2 The equipment & materials to be furnished by the Employer shall be supplied to the Contractor at the depots established by the Contractor or the Employer. The Lorry Receipts for the materials will be handed over to the Contractor by the representative of the

Employer as and when the same are received. The Contractor shall be responsible for taking delivery of these materials from the railways/road transporter, unloading them from the transporter, carting them to different stores built by him for the purpose, the unloading and cartage being at the cost of the Contractor. All wharfage and demurrage charges incurred due to delay in taking delivery will be to the Contractor's account, except those due to reasons beyond his control in which case the Contractor shall immediately intimate the Engineer for settling the claims. The Contractor shall be responsible for proper handling and storage of these materials from the time of receipt upto the time of Taking Over of the Facilities by the Employer.

- 17.2.3 Yards and store provided by the Contractor for stacking and storage of materials shall be open for inspection by the Employer as and when required. The cost of handling and storage shall be to the Contractor's account.
- 17.2.4 Upon receipt of such item, the Contractor shall inspect the same visually and notify the Project Manager of any detected shortage, defect or default. For the material being arranged by the Employer and supplied to the Contractor for erection, are received short, broken or damaged, an entry shall be made in the delivery register of the railway authorities/road transporter as far as possible and a report of the same giving full details of shortage and damages along with a copy of report entered in the delivery register of the road transporter/railways shall be submitted by the Contractor to the Project Manager and Employer's consignee immediately. The Employer shall immediately remedy any shortage, defect or default, or the Contractor shall, if practicable and possible, at the request of the Employer, remedy such shortage, defect or default at the Employer's cost and expense. After inspection, such item shall fall under the care, custody and control of the Contractor. The provision of this GCC Sub-Clause 17.2.4 shall apply to any item supplied to remedy any such shortage or default or to substitute for any defective item, or shall apply to defective items that have been repaired.
- 17.2.5 The foregoing responsibilities of the Contractor and its obligations of care, custody and control shall not relieve the Employer of liability for any undetected shortage, defect or default, nor place the Contractor under any liability for any such shortage, defect or default whether under GCC Clause 22 or under any other provision of Contract.



### 17.3 Transportation

17.3.1 The Contractor shall at its own risk and expense transport all the Plant and Equipment and the Contractor's Equipment to the Site by the mode of transport that the Contractor judges most suitable under all the circumstances.

17.3.2 Unless otherwise provided in the Contract, the Contractor shall be entitled to select any safe mode of transport operated by any person to carry the Plant and Equipment and the Contractor's Equipment. In case of transportation by road, the Contractor shall transport all the goods only through registered common carriers in line with "The Carriage by Road Act, 2007" including amendment thereof.

17.3.3 Upon dispatch of each shipment of the Plant and Equipment and the Contractor's Equipment, the Contractor shall notify the Employer by telex, facsimile or Electronic Data Interchange (EDI) of the description of the Plant and Equipment and of the Contractor's Equipment, the point and means of dispatch, and the estimated time and point of arrival in the country where the Site is located, if applicable, and at the Site. The Contractor shall furnish the Employer with relevant shipping documents to be agreed upon between the parties.

17.3.4 The Contractor shall be responsible for obtaining, if necessary, approvals from the authorities for transportation of the Plant and Equipment and the Contractor's Equipment to the Site. The Employer shall use its best endeavors in a timely and expeditious manner to assist the Contractor in obtaining such approvals, if requested by the Contractor. The Contractor shall indemnify and hold harmless the Employer from and against any claim for damage to roads, bridges or any other traffic facilities that may be caused by the transport of the Plant and Equipment and the Contractor's Equipment to the Site.

### 17.4 Delivery and Documents

#### 17.4.1 Delivery Documents

Upon shipment, the Contractor shall notify the Employer with full details of the dispatch and shall furnish the documents as specified in the corresponding Appendix - 1 (Terms and Procedures of Payment) to the Contract Agreement

## 17.4.2 Packing

- 17.4.2.1 The Contractor shall provide such packing of the Goods as it is required to prevent their damage or deterioration during transit to their final destination as indicated in the Contract. The packing shall be sufficient to withstand, without limitation, rough handling during transit and exposure to extreme temperatures, salt and precipitation during transit and open storage. Packing case size and weights shall take into consideration, where appropriate, the remoteness of the Goods final destination and the absence of heavy handling facilities at all points in transit.
- 17.4.2.2 The packing, marking and documentation within and outside the packages shall comply strictly with such special requirements as shall be expressly provided for in the Contract and, subject to any subsequent instruction ordered by the Employer consistent with the requirements of the Contract.

## 18. Installation

### 18.1 Setting Out/Supervision/Labor

- 18.1.1 Bench Mark: The Contractor shall be responsible for the true and proper setting-out of the Facilities in relation to bench marks, reference marks and lines provided to it in writing by or on behalf of the Employer.

If, at any time during the progress of installation of the Facilities, any error shall appear in the position, level or alignment of the Facilities, the Contractor shall forthwith notify the Project Manager of such error and, at its own expense, immediately rectify such error to the reasonable satisfaction of the Project Manager. If such error is based on incorrect data provided in writing by or on behalf of the Employer, the expense of rectifying the same shall be borne by the Employer.

- 18.1.2 Contractor's Supervision: The Contractor shall give or provide all necessary superintendence during the installation of the Facilities, and the Construction Manager or its deputy shall be constantly on the Site to provide full-time superintendence of the installation. The Contractor shall provide and employ only technical personnel who are skilled and experienced in their respective callings and supervisory staff who are competent to adequately supervise the work at hand.

### 18.1.3 Labor:

- (a) The Contractor shall provide and employ on the Site in the installation of the Facilities such skilled, semi-skilled and unskilled labor as is necessary for the proper and timely execution of the Contract. The Contractor is encouraged to use local labor preferably from weaker sections of society particularly SC & ST persons, that has the necessary skills.
- (b) Unless otherwise provided in the Contract, the Contractor at its own expense shall be responsible for the recruitment, transportation, accommodation and catering of all labor, local or expatriate, required for the execution of the Contract and for all payments in connection therewith.
- (c) The Contractor shall at all times during the progress of the Contract use its best endeavors to prevent any unlawful, riotous or disorderly conduct or behavior by or amongst its employees and the labor of its Subcontractors.
- (d) The Contractor shall, in all dealings with its labor and the labor of its Subcontractors currently employed on or connected with the Contract, pay due regard to all recognized festivals, official holidays, religious or other customs and all local laws and regulations pertaining to the employment of labor.

## 18.2 Contractor's Equipment

- 18.2.1 All Contractor's Equipment brought by the Contractor onto the Site shall be deemed to be intended to be used exclusively for the execution of the Contract. The Contractor shall not remove the same from the Site without the Project Manager's consent that such Contractor's Equipment is no longer required for the execution of the Contract.
- 18.2.2 Unless otherwise specified in the Contract, upon completion of the Facilities, the Contractor shall remove from the Site all Equipment brought by the Contractor onto the Site and any surplus materials remaining thereon.
- 18.2.3 The Employer will, if requested, use its best endeavors to assist the Contractor in obtaining any local, state or national government permission required by the Contractor for the export of the Contractor's Equipment imported by the Contractor for use in the execution of the Contract that is no longer required for the execution of the Contract.

### 18.3 Site Regulations and Safety

The Employer and the Contractor shall establish Site regulations setting out the rules to be observed in the execution of the Contract at the Site and shall comply therewith. The Contractor shall prepare and submit to the Employer, with a copy to the Project Manager, proposed Site regulations for the Employer's approval, which approval shall not be unreasonably withheld.

Such Site regulations shall include, but shall not be limited to, rules in respect of security, safety of the Facilities, gate control, sanitation, medical care, and fire prevention.

#### 18.3.1 Compliance with Labour Regulations

18.3.1.1 During continuance of the contract, the Contractor and his sub-contractors shall abide at all times by all applicable existing labour enactments and rules made thereunder, regulations notifications and byelaws of the State or Central Government or local authority and any other labour law (including rules), regulations bye laws that may be passed or notification that may be issued under any labour law in future either by the State or the Central Government or the local authority. The employees of the Contractor and the Sub-contractor in no case shall be treated as the employees of the Employer at any point of time.

18.3.1.2 The Contractor shall keep the Employer indemnified in case any action is taken against the Employer by the competent authority on account of contravention of any of the provisions of any Act or rules made thereunder, regulations or notifications including amendments.

18.3.1.3 If the Employer is caused to pay under any law as principal employer such amounts as may be necessary to cause or observe, or for non observance of the provisions stipulated in the notifications/ byelaws/ Acts/ Rules/ regulations including amendments, if any, on the part of the Contractor, the Employer shall have the right to deduct any money due to the Contractor under this contract or any other contract with the employer including his amount of performance security for adjusting the aforesaid payment. The Employer shall also have right to recover from the Contractor any sum required or estimated to be required for making good the loss or damage suffered by the Employer.

Notwithstanding the above, the Contractor shall furnish to the Employer the details/documents evidencing the Contractor's compliance to the laws applicable to establishments engaged in building and other construction works, as may be sought by the Employer. In particular the Contractor shall submit quarterly certificate regarding compliance in respect of provisions of Employees' Provident Fund and Misc. Provisions Act 1952 to the Employer. For this purpose, the Contractor as well as its Sub-Contractor(s) should have Provident Fund Code Number and all the workers deployed by the Contractor or Sub-Contractor must be enrolled as members of Provident Fund having an Universal Account Number (UAN).

18.3.1.4 Salient features of some major laws applicable to establishments engaged in building and other construction works:

- (a) Workmen Compensation Act 1923: The Act provides for compensation in case of injury by accident arising out of and during the course of employment.
- (b) Payment of Gratuity Act 1972: Gratuity is payable to an employee under the Act on satisfaction of certain conditions on separation if an employee has completed 5 years service or more or on death at the rate of 15 days wages for every completed year of service. The Act is applicable to all establishments employing 10 or more employees.
- (c) Employee P.F. and Miscellaneous Provision Act 1952: The Act provides for monthly contribution by the employer plus workers @10% or 8.33%. The benefits under the Act are:
  - (i) Pension or family pension on retirement or death, as the case may be.
  - (ii) Deposit linked insurance on death in harness of the worker.
  - (iii) Payment of P.F. accumulation on retirement/death etc.
- (d) Maternity Benefit Act 1951: The Act provides for leave and some other benefits to women employees in case of confinement or miscarriage etc.
- (e) Contract Labour (Regulation & Abolition) Act 1970: The Act provides for certain welfare measures to be provided by the Contractor to contract labour and in case the Contractor fails to provide, the same are required to be provided, by the Principal Employer by law. The Principal Employer is required to take Certification of Registration and the Contractor is required to

take license from the designated Officer. The Act is applicable to the establishments or Contractor of Principal Employer if they employ 20 or more labour contract labour.

- (f) Minimum Wages Act 1948: The Employer is supposed to pay not less than the Minimum Wages fixed by appropriate Government as per provision of the Act if the employment is a scheduled employment. Construction of Buildings, Roads, Runways are scheduled employments.
- (g) Payment of Wages Act 1936: It lays down as to by what date the wages are to be paid, when it will be paid and what deductions can be made from the wages of the workers.
- (h) Equal Remuneration Act 1979: The Act provides for payment of equal wages for work of equal nature to Male and Female workers and for not making discrimination against Female employees in the matters of transfers, training and promotions etc.
- (i) Payment of Bonus Act 1965: The Act is applicable to all establishments employing 20 or more employees. The Act provides for payments of annual bonus subject to a minimum of 8.33% of wages and maximum of 20% of wages to employees drawing Rs. 3500/- per month or less. The bonus is to be paid to employees getting Rs. 2500/- per month or above upto Rs. 3500/- per month shall be worked out by taking wages as Rs. 2500/- per month only. The Act does not apply to certain establishments. The newly set-up establishments are exempted for five years in certain circumstances. Some of the State Governments have reduced the employment size from 20 to 10 for the purpose of applicability of this Act.
- (j) Industrial Dispute Act 1947: the Act lays down the machinery the procedure for resolution of Industrial disputes, in what situations a strike or lock-out becomes illegal and what are the requirements for laying off or retrenching the employees or closing down the establishment.
- (k) Industrial Employment (Standing Orders) Act 1946: It is applicable to all establishments employing 100 or more workmen (employment size reduced by some of the States and Central Government to 50). The Act provides for laying down rules governing the conditions of employment by the Employer on matters provided in the Act and get the same certified by the designated Authority.

- (l) Trade Unions Act 1926: The Act lays down the procedure for registration of trade unions of workmen and employers. The Trade Unions registered under the Act have been given certain immunities from civil and criminal liabilities.
- (m) Child Labour (Prohibition & Regulation) Act 1986: The Act prohibits employment of children below 14 years of age in certain occupations and processes and provides for regulation of employment of children in all other occupations and processes. Employment of Child Labour is prohibited in Building and Construction Industry.
- (n) Inter-State Migrant workmen's (Regulation of Employment & Conditions of Service Act 1979: The Act is applicable to an establishment which employs 5 or more inter-state migrant workmen through an intermediary (who has recruited workmen in one state for employment in the establishment situated in another state). The Inter-State migrant workmen, in an establishment to which this Act becomes applicable, are required to be provided certain facilities such as housing, medical aid, traveling expenses from home upto the establishment and back, etc.
- (o) The Building and Other Construction workers (Regulation of Employment and Conditions of Service) Act 1996 and the Cess Act of 1996 : All the establishments who carry on any building or other construction work and employ 10 or more workers are covered under this Act. All such establishments are required to pay cess at the rate not exceeding 2% of the cost of construction as may be modified by the Government. The Employer of the establishment is required to provide safety measures at the Building or construction work and other welfare measures, such as Canteens, First-Aid facilities, Ambulance, Housing accommodations for workers near the work place etc. The Employer to whom the Act applies has to obtain a registration certificate from the Registering Officer appointed by the government.
- (p) Factories Act 1948: The Act lays down the procedure for approval at plans before setting up a factory, health and safety provisions, welfare provisions, working hours, annual earned leave and rendering information regarding accidents or dangerous occurrences to designated authorities. It is applicable to premises employing 10 persons or more with aid of power or 20 or more persons without the aid of power engaged in manufacturing process.

### 18.3.2 Protection of Environment

The Contractor shall take all reasonable steps to protect the environment on and off the Site and to avoid damage or nuisance to persons or to property of the public or others resulting from pollution, noise or other causes arising as consequence of his methods of operation.

During continuance of the Contract, the Contractor and his Sub-contractors shall abide at all times by all existing enactments on environmental protection and rules made thereunder, regulations, notifications and bye-laws of the State or Central Government, or local authorities and any other law, bye-law, regulations that may be passed or notification that may be issued in this respect in future by the State or Central Government or the local authority.

Salient features of some of the major laws that are applicable are given below:

The Water (Prevention and Control of Pollution) Act, 1974, This provides for the prevention and control of water pollution and the maintaining and restoring of wholesomeness of water. 'Pollution' means such contamination of water or such alteration of the physical, chemical or biological properties of water or such discharge of any sewage or trade effluent or of any other liquid, gaseous or solid substance into water (whether directly or indirectly) as may, or is likely to, create a nuisance or render such water harmful or injurious to public health or safety, or to domestic, commercial, industrial, agricultural or other legitimate uses, or to the life and health of animals or plants or of aquatic organisms.

The Air (Prevention and Control of Pollution) Act, 1981, This provides for prevention, control and abatement of air pollution. 'Air Pollution' means the presence in the atmosphere of any 'air pollutant', which means any solid, liquid or gaseous substance (including noise) present in the atmosphere in such concentration as may be or tend to be injurious to human beings or other living creatures or plants or property or environment.

The Environment (Protection) Act, 1986, This provides for the protection and improvement of environment and for matters connected therewith, and the prevention of hazards to human beings, other living creatures, plants and property. 'Environment' includes water, air and land and the inter-relationship which exists



among and between water, air and land, and human beings, other living creatures, plants, micro-organism and property.

The Public Liability Insurance Act, 1991, This provides for public liability insurance for the purpose of providing immediate relief to the persons affected by accident occurring while handling hazardous substances and for matters connected herewith or incidental thereto. Hazardous substance means any substance or preparation which is defined as hazardous substance under Environment (Protection) Act, 1986, and exceeding such quantity as may be specified by notification by the Central Government.

- 18.3.2.1 (i) The Contractor shall (a) establish an operational system of managing environmental impacts, (b) carry out all the monitoring and mitigation measures set forth in the environment management plan attached to the Special Conditions of Contract as **Appendix-I**, and (c) allocate the budget required to ensure that such measures are carried out. The Contractor shall submit to the Employer (quarterly) semi-annual) reports on the carrying out of such measures.
- (ii) The Contractor shall adequately record the conditions of roads, agricultural land and other infrastructure prior to transport of material and construction commencement, and shall fully reinstate pathways, other local infrastructure and agricultural land to atleast their pre-project condition upon construction completion.
- (iii) The Contractor shall undertake detailed survey of the affected persons during transmission line alignment finalization under the Project, where applicable. and
- (iv) The Contractor shall conduct health and safety programme for workers employed under the Contract and shall include information on the risk of sexually transmitted diseases, including HIV/ AIDS in such programs.

### 18.3.3 Safety Precautions

- 18.3.3.1 The Contractor shall observe all applicable regulations regarding safety on the Site.

Unless otherwise agreed, the Contractor shall, from the commencement of work on Site until Taking Over, provide:

- a) fencing, lighting, guarding and watching of the Works, and

- b) temporary roadways, footways, guards and fences which may be necessary for the accommodation and protection of Employer / his representatives and occupiers of adjacent property, the public and others.

18.3.3.2 The Contractor shall ensure proper safety of all the workmen, materials, plant and equipment belonging to him or to Employer or to others, working at the Site. The Contractor shall also be responsible for provision of all safety notices and safety equipment required both by the relevant legislations and the Project Manager, as he may deem necessary.

18.3.3.3 The Contractor will notify well in advance to the Project Manager of his intention to bring to the Site any container filled with liquid or gaseous fuel or explosive or petroleum substance or such chemicals which may involve hazards. The Project Manager shall have the right to prescribe the conditions, under which such container is to be stored, handled and used during the performance of the works and the Contractor shall strictly adhere to and comply with such instructions. The Project Manager shall have the right at his sole discretion to inspect any such container or such construction plant/equipment for which material in the container is required to be used and if in his opinion, its use is not safe, he may forbid its use. No claim due to such prohibition shall be entertained by the Employer and the Employer shall not entertain any claim of the Contractor towards additional safety provisions/conditions to be provided for/constructed as per the Project Manager's instructions.

Further, any such decision of the Project Manager shall not, in any way, absolve the Contractor of his responsibilities and in case, use of such a container or entry thereof into the Site area is forbidden by the Project Manager, the Contractor shall use alternative methods with the approval of the Project Manager without any cost implication to the Employer or extension of work schedule.

18.3.3.4 Where it is necessary to provide and/or store petroleum products or petroleum mixtures and explosives, the Contractor shall be responsible for carrying-out such provision and/or storage in accordance with the rules and regulations laid down in Petroleum Act 1934, Explosives Act, 1948 and Petroleum and Carbide of Calcium Manual published by the Chief Inspector of Explosives of India. All such storage shall have prior approval of the Project Manager. In case, any approvals are necessary from the Chief Inspector (Explosives) or any statutory authorities, the Contractor shall be responsible for obtaining the same.

- 18.3.3.5 All equipment used in construction and erection by Contractor shall meet Indian/International Standards and where such standards do not exist, the Contractor shall ensure these to be absolutely safe. All equipment shall be strictly operated and maintained by the Contractor in accordance with manufacturer's Operation Manual and safety instructions and as per Guidelines/rules of Employer in this regard.
- 18.3.3.6 Periodical examinations and all tests for all lifting/hoisting equipment & tackles shall be carried-out in accordance with the relevant provisions of Factories Act 1948, Indian Electricity Act 1910 and associated Laws/Rules in force from time to time. A register of such examinations and tests shall be properly maintained by the Contractor and will be promptly produced as and when desired by the Project Manager or by the person authorised by him.
- 18.3.3.7 The Contractor shall be fully responsible for the safe storage of his and his Sub-Contractor's radioactive sources in accordance with BARC/DAE Rules and other applicable provisions. All precautionary measures stipulated by BARC/DAE in connection with use, storage and handling of such material will be taken by the Contractor.
- 18.3.3.8 The Contractor shall provide suitable safety equipment of prescribed standard to all employees and workmen according to the need, as may be directed by the Project Manager who will also have right to examine these safety equipment to determine their suitability, reliability, acceptability and adaptability. The Contractor shall also provide Reflective Jackets to all workmen working on the site including different coloured such Jackets to the persons working at height.
- 18.3.3.9 Where explosives are to be used, the same shall be used under the direct control and supervision of an expert, experienced, qualified and competent person strictly in accordance with the Code of Practice/Rules framed under Indian Explosives Act pertaining to handling, storage and use of explosives.
- 18.3.3.10 The Contractor shall provide safe working conditions to all workmen and employees at the Site including safe means of access, railings, stairs, ladders, scaffoldings etc. The scaffoldings shall be erected under the control and supervision of an experienced and competent person. For erection, good and standard quality of material only shall be used by the Contractor.

- 18.3.3.11 The Contractor shall not interfere or disturb electric fuses, wiring and other electrical equipment belonging to the Employer or other Contractors under any circumstances, whatsoever, unless expressly permitted in writing by Employer to handle such fuses, wiring or electrical equipment
- 18.3.3.12 Before the Contractor connects any electrical appliances to any plug or socket belonging to the other Contractor or Employer, he shall:
- a. Satisfy the Project Manager that the appliance is in good working condition;
  - b. Inform the Project Manager of the maximum current rating, voltage and phases of the appliances;
  - c. Obtain permission of the Project Manager detailing the sockets to which the appliances may be connected.
- 18.3.3.13 The Project Manager will not grant permission to connect until he is satisfied that;
- a. The appliance is in good condition and is fitted with suitable plug;
  - b. The appliance is fitted with a suitable cable having two earth conductors, one of which shall be an earthed metal sheath surrounding the cores.
- 18.3.3.14 No electric cable in use by the Contractor/Employer will be disturbed without prior permission. No weight of any description will be imposed on any cable and no ladder or similar equipment will rest against or attached to it.
- 18.3.3.15 No repair work shall be carried out on any live equipment. The equipment must be declared safe by the Project Manager and a permit to work shall be issued by the Project Manager before any repair work is carried out by the Contractor. While working on electric lines/equipment, whether live or dead, suitable type and sufficient quantity of tools will have to be provided by the Contractor to electricians/workmen/officers.
- 18.3.3.16 The Contractors shall employ necessary number of qualified, full time electricians/electrical supervisors to maintain his temporary electrical installation.
- 18.3.3.17 The Contractor employing more than 250 workmen whether temporary, casual, probationer, regular or permanent or on contract,

shall employ at least one full time officer exclusively as safety officer to supervise safety aspects of the equipment and workmen, who will coordinate with the Project Safety Officer. In case of work being carried out through Sub-Contractors, the Sub-Contractor's workmen/employees will also be considered as the Contractor's employees/workmen for the above purpose.

The Contractor shall deploy one dedicated Safety Staff(s) for every 200 kms of a Transmission Line Project.

In case, the Contractor fails to deploy Qualified Safety Officer(s)/Safety Staff(s) under each Contract, as specified, then the Contractor shall be responsible for payment of a sum of Rs. 15,00,000/- per quarter till the Safety Officer(s)/Safety Staff(s) is deployed, to be deposited with the Employer, which will be retained in the Safety Corpus Fund pursuant to GCC Sub-Clause 18.3.3.26.

The name and address of such Safety Officers of the Contractor will be promptly informed in writing to Project Manager with a copy to Safety Officer-In charge before he starts work or immediately after any change of the incumbent is made during currency of the Contract.

- 18.3.3.18 In case any accident occurs during the construction/ erection or other associated activities undertaken by the Contractor thereby causing any minor or major or fatal injury to his employees due to any reason, whatsoever, it shall be the responsibility of the Contractor to promptly inform but no later than 24 hrs. of the occurrence of the same, to the Project Manager in prescribed form and also to all the authorities envisaged under the applicable laws.

Notwithstanding above, in case of any fatal accident, the Board of Directors of Contractor shall review the incidence and a copy of Board's resolution signed by the Director/Company Secretary of the firm alongwith action plan for avoidance of such incidences in future shall be furnished promptly but no later than 60 days, to the Employer. Besides above, the CEO of the Contractor shall meet and apprise POWERGRID APEX SAFETY BOARD alongwith the Board's resolution of the cause of the fatal accident occurred and their future action plan/safety preparedness to prevent recurrence of such accidents in future within 60 days of the occurrence of the fatal accident.

- 18.3.3.19 The Project Manager shall have the right at his sole discretion to stop the work, if in his opinion the work is being carried out in such a way that it may cause accidents and endanger the safety of the

persons and/or property, and/or equipment. In such cases, the Contractor shall be informed in writing about the nature of hazards and possible injury/accident and he shall comply to remove shortcomings promptly. The Contractor after stopping the specific work can, if felt necessary, appeal against the order of stoppage of work to the Project Manager within 3 days of such stoppage of work and decision of the Project Manager in this respect shall be conclusive and binding on the Contractor.

18.3.3.20 The Contractor shall not be entitled for any damages/compensation for stoppage of work due to safety reasons as provided in GCC Sub-Clause 18.3.3.19 above and the period of such stoppage of work will not be taken as an extension of time for completion of work and will not be the ground for waiver of levy of liquidated damages.

18.3.3.21 It is mandatory for the Contractor to observe during the execution of the works, requirements of Safety Rules which would generally include but not limited to following:

#### Safety Rules

- a) Each employee shall be provided with initial indoctrination regarding safety by the Contractor, so as to enable him to conduct his work in a safe manner.
- b) No employee shall be given a new assignment of work unfamiliar to him without proper introduction as to the hazards incident thereto, both to himself and his fellow employees.
- c) Under no circumstances shall an employee hurry or take unnecessary chance when working under hazardous conditions.
- d) Employees must not leave naked fires unattended. Smoking shall not be permitted around fire prone areas and adequate fire fighting equipment shall be provided at crucial location.
- e) Employees under the influence of any intoxicating beverage, even to the slightest degree shall not be permitted to remain at work.
- f) There shall be a suitable arrangement at every work site for rendering prompt and sufficient first aid to the injured.
- g) The staircases and passageways shall be adequately lighted.

- h) The employees when working around moving machinery, must not be permitted to wear loose garments. Safety shoes are recommended when working in shops or places where materials or tools are likely to fall. Only experienced workers shall be permitted to go behind guard rails or to clean around energized or moving equipment.
- i) The employees must use the standard protection equipment intended for each job. Each piece of equipment shall be inspected before and after it is used.
- j) Requirements of ventilation in underwater working to licensed and experienced divers, use of gum boots for working in slushy or in inundated conditions are essential requirements to be fulfilled.
- k) In case of rock excavation, blasting shall invariably be done through licensed blasters and other precautions during blasting and storage/transport of charge material shall be observed strictly.

18.3.3.22 The Contractor shall follow and comply with all Employer Safety Rules, relevant provisions of applicable laws pertaining to the safety of workmen, employees, plant and equipment as may be prescribed from time to time without any demur, protest or contest or reservations. In case of any discrepancy between statutory requirement and Employer Safety Rules referred above, the latter shall be binding on the Contractor unless the statutory provisions are more stringent.

18.3.3.23 If the Contractor fails in providing safe working environment as per Employer Safety Rules or continues the work even after being instructed to stop work by the Project Manager as provided in GCC Sub-Clause 18.3.3.19 above, the Contractor shall promptly pay to Employer, on demand by the Employer, compensation at the rate of Rs. 10,000/- per day or part thereof to be deposited in Safety Corpus Fund pursuant to GCC Sub-Clause 18.3.3.26, till the instructions are complied with and so certified by the Project Manager. However, in case of accident taking place causing injury to any individual, the provisions contained in GCC Sub-Clause 18.3.3.24 shall also apply in addition to compensation mentioned in this Clause.

18.3.3.24 If the Contractor does not take adequate safety precautions and/or fails to comply with the Safety Rules as prescribed by the Employer or under the applicable law for the safety of the equipment and plant or for the safety of personnel or the Contractor does not prevent

hazardous conditions which cause injury to his own employees or employees of other Contractors or Employer's employees or any other person who are at Site or adjacent thereto, then the Contractor shall be responsible for payment of a sum as indicated below to be deposited with the Employer, which will be passed on by the Employer to such person or next to kith and kin of the deceased:

a.	Fatal injury or accident causing death	Rs. 15,00,000/- per person
b.	Major injuries or accident causing 25% or more permanent disablement	Rs. 5,00,000/- per person

Permanent disablement shall have same meaning as indicated in Workmen's Compensation Act. The amount to be deposited with Employer and passed on to the person mentioned above shall be in addition to the compensation payable under the relevant provisions of the Workmen's Compensation Act and rules framed there under or any other applicable laws as applicable from time to time. In case the Contractor does not deposit the above mentioned amount with Employer, such amount shall be recovered by Employer from any monies due or becoming due to the Contractor under the contract or any other on-going contract.

Notwithstanding above, while executing the Contract(s), in case of any permanent disablement in hands/legs due to any accident(s), the Contractor shall arrange to provide modern electronic artificial Limb (Hands/Legs) to the victims of the accident either through any NGO or directly and also provide necessary training to the victims to use the same. The cost/expenditure, if any, shall be borne by the Contractor and the details of the same shall be provided to POWERGRID for information. The above shall be in addition to the compensation payable to the victim as applicable.

In case of any major accident, the Contractor shall withdraw its Representative (Project Manager) immediately and shall appoint its Representative (Project Manager) afresh pursuant to GCC Clause 13.2. The Contractor's Representative (Project Manager) removed hereinabove, thereafter shall not be permitted to work in any of projects/works of the Employer.

- 18.3.3.25 Notwithstanding above, the Contractor shall also be responsible for payment of sum as indicated below additionally which shall be deposited in Safety Corpus Fund pursuant to GCC Sub-Clause 18.3.3.26:



a.	Upon 1 <sup>st</sup> Fatal Accident due to negligence by the Contractor	Rs. 50,00,000/-
b.	Upon 2 <sup>nd</sup> Fatal Accident due to negligence by the Contractor	Rs. 75,00,000/-
c.	Upon 3 <sup>rd</sup> Fatal Accident due to negligence by the Contractor	Rs. 1,00,00,000/-
d.	Re-occurrence of Fatal Accident even after 3 <sup>rd</sup> Fatal Accident due to negligence by the Contractor	Rs. 1,00,00,000/- per fatal accident
e.	Tower Collapse leading to more than one (01) death attributable to the Contractor as per the Accident Enquiry Committee Report	Rs. 1,00,00,000/- per fatal accident in addition to a, b, c or d above, as applicable

18.3.3.26 The amount paid/ recovered from the Contractor on account of non-compliance to Safety measures shall be deposited in the 'Safety Corpus Fund', if not specified otherwise, established by the Employer. The 'Safety Corpus Fund' shall be used for augmentation of Safety measures in construction works, capacity building of workers, development of working conditions of workers like providing tents/ mobile toilets/ caravans, safety tools & plants etc. and undertaking such other activities which will facilitate in reducing the accidents. However, the Contractor shall have no claim in this regard and the Employer shall be sole judge in this regard.

18.3.3.27 If the Contractor observes all the Safety Rules and Codes, Statutory Laws and Rules during the currency of Contract awarded by the Employer and no accident occurs then Employer may consider the performance of the Contractor and award suitable 'ACCIDENT FREE SAFETY MERITORIOUS AWARD' as per scheme as may be announced separately from time to time.

18.3.3.28 The Contractor shall also submit 'Safety Plan' as per proforma specified in Section – Sample Forms and Procedures of the Bidding Documents alongwith all the requisite documents mentioned therein and as per check-list contained therein to the Engineer In-Charge for its approval within 60 days of award of Contract.

Further, one of the conditions for release of first progressive payment / subsequent payment towards Services Contract shall be submission of 'Safety Plan' alongwith all requisite documents and approval of the same by the Engineer In-Charge.

#### 18.4 Opportunities for Other Contractors

18.4.1 The Contractor shall, upon written request from the Employer or the Project Manager, give all reasonable opportunities for carrying out the work to any other contractors employed by the Employer on or near the Site.

18.4.2 If the Contractor, upon written request from the Employer or the Project Manager, makes available to other contractors any roads or ways the maintenance for which the Contractor is responsible, permits the use by such other contractors of the Contractor's Equipment, or provides any other service of whatsoever nature for such other contractors, the Employer shall fully compensate the Contractor for any loss or damage caused or occasioned by such other contractors in respect of any such use or service, and shall pay to the Contractor reasonable remuneration for the use of such equipment or the provision of such services.

18.4.3 The Contractor shall also so arrange to perform its work as to minimize, to the extent possible, interference with the work of other contractors. The Project Manager shall determine the resolution of any difference or conflict that may arise between the Contractor and other contractors and the workers of the Employer in regard to their work.

18.4.4 The Contractor shall notify the Project Manager promptly of any defects in the other contractors' work that come to its notice, and that could affect the Contractor's work. The Project Manager shall determine the corrective measures, if any, required to rectify the situation after inspection of the Facilities. Decisions made by the Project Manager shall be binding on the Contractor.

#### 18.5 Emergency Work

If, by reason of an emergency arising in connection with and during the execution of the Contract, any protective or remedial work is necessary as a matter of urgency to prevent damage to the Facilities, the Contractor shall immediately carry out such work.

If the Contractor is unable or unwilling to do such work immediately, the Employer may do or cause such work to be done as the Employer may determine is necessary in order to prevent damage to the Facilities. In such event the Employer shall, as soon as practicable after the occurrence of any such emergency, notify the Contractor in writing of such emergency, the work done and the reasons therefor. If the work done or caused to be done by the

Employer is work that the Contractor was liable to do at its own expense under the Contract, the reasonable costs incurred by the Employer in connection therewith shall be paid by the Contractor to the Employer. In case such work is not in the scope of the Contractor, the cost of such remedial work shall be borne by the Employer.

#### 18.6 Site Clearance

18.6.1 Site Clearance in Course of Performance: In the course of carrying out the Contract, the Contractor shall keep the Site reasonably free from all unnecessary obstruction, store or remove any surplus materials, clear away any wreckage, rubbish or temporary works from the Site, and remove any Contractor's Equipment no longer required for execution of the Contract.

18.6.2 Clearance of Site after Completion: After Completion of all parts of the Facilities, the Contractor shall clear away and remove all wreckage, rubbish and debris of any kind from the Site, and shall leave the Site and Facilities clean and safe.

#### 18.7 Watching and Lighting

The Contractor shall provide and maintain at its own expense all lighting, fencing, and watching when and where necessary for the proper execution and the protection of the Facilities, or for the safety of the owners and occupiers of adjacent property and for the safety of the public.

#### 18.8 Work at Night and on Holidays

18.8.1 Unless otherwise provided in the Contract, no work shall be carried out during the night and on public holidays of the country where the Site is located without prior written consent of the Employer, except where work is necessary or required to ensure safety of the Facilities or for the protection of life, or to prevent loss or damage to property, when the Contractor shall immediately advise the Project Manager, provided that provisions of this GCC Sub-Clause 18.8.1 shall not apply to any work which is customarily carried out by rotary or double-shifts.

18.8.2 Notwithstanding GCC Sub-Clauses 18.8.1 or 18.1.3, if and when the Contractor considers it necessary to carry out work at night or on public holidays so as to meet the Time for Completion and requests the Employer's consent thereto, the Employer shall not unreasonably withhold such consent.

## **19. Test and Inspection**

- 19.1 The Contractor shall at its own expense carry out at the place of manufacture and/or on the Site all such tests and/or inspections of the Plant and Equipment and any part of the Facilities as are specified in the Contract.
- 19.2 The Employer and the Project Manager or their designated representatives shall be entitled to attend the aforesaid test and/or inspection, provided that the Employer shall bear all costs and expenses incurred in connection with such attendance including, but not limited to, all traveling and board and lodging expenses.
- 19.3 Whenever the Contractor is ready to carry out any such test and/or inspection, the Contractor shall give four weeks advance notice of such test and/or inspection and of the place and time thereof to the Project Manager. The Contractor shall obtain from any relevant third party or manufacturer any necessary permission or consent to enable the Employer and the Project Manager (or their designated representatives) to attend the test and/or inspection.
- 19.4 The Contractor shall provide the Project Manager with a certified report of the results of any such test and/or inspection.
- If the Employer or Project Manager (or their designated representatives) fails to attend the test and/or inspection, or if it is agreed between the parties that such persons shall not do so, then the Contractor may proceed with the test and/or inspection in the absence of such persons, and may provide the Project Manager with a certified report of the results thereof.
- 19.5 The Project Manager may require the Contractor to carry out any test and/or inspection not required by the Contract, provided that the Contractor's reasonable costs and expenses incurred in the carrying out of such test and/or inspection shall be added to the Contract Price. Further, if such test and/or inspection impedes the progress of work on the Facilities and/or the Contractor's performance of its other obligations under the Contract, due allowance will be made in respect of the Time for Completion and the other obligations so affected.
- 19.6 If any Plant and Equipment or any part of the Facilities fails to pass any test and/or inspection, the Contractor shall either rectify or replace such Plant and Equipment or part of the Facilities and shall repeat the test and/or inspection upon giving a notice under GCC Sub-Clause 19.3.

- 19.7 If any dispute or difference of opinion shall arise between the parties in connection with or arising out of the test and/or inspection of the Plant and Equipment or part of the Facilities that cannot be settled between the parties within a reasonable period of time, it may be referred to an Arbitrator for determination in accordance with GCC Sub-Clause 39.
- 19.8 The Contractor shall afford the Employer and the Project Manager, at the Employer's expense, access at any reasonable time to any place where the Plant and Equipment are being manufactured or the Facilities are being installed, in order to inspect the progress and the manner of manufacture or installation, provided that the Project Manager shall give the Contractor a reasonable prior notice.
- 19.9 The Contractor agrees that neither the execution of a test and/or inspection of Plant and Equipment or any part of the Facilities, nor the attendance by the Employer or the Project Manager, nor the issue of any test certificate pursuant to GCC Sub-Clause 19.4, shall release the Contractor from any other responsibilities under the Contract.
- 19.10 No part of the Facilities or foundations shall be covered up on the Site without the Contractor carrying out any test and/or inspection required under the Contract. The Contractor shall give a reasonable notice to the Project Manager whenever any such part of the Facilities or foundations are ready or about to be ready for test and/or inspection; such test and/or inspection and notice thereof shall be subject to the requirements of the Contract.
- 19.11 The Contractor shall uncover any part of the Facilities or foundations, or shall make openings in or through the same as the Project Manager may from time to time require at the Site, and shall reinstate and make good such part or parts.

If any parts of the Facilities or foundations have been covered up at the Site after compliance with the requirement of GCC Sub-Clause 19.10 and are found to be executed in accordance with the Contract, the expenses of uncovering, making openings in or through, reinstating, and making good the same shall be borne by the Employer, and the Time for Completion shall be reasonably adjusted to the extent that the Contractor has thereby been delayed or impeded in the performance of any of its obligations under the Contract.

## **20. Completion of the Facilities and Operational Acceptance**

### **20.1 Completion of the Facilities**

#### **20.1.1 Physical Completion**

20.1.1.1 As soon as the Facilities or any part thereof has, in the opinion of the Contractor, been completed operationally and structurally and put in a tight and clean condition as specified in the Technical Specifications, excluding minor items not materially affecting the operation or safety of the Facilities, the Contractor shall so notify the Employer in writing.

#### **20.1.2 Pre-Commissioning**

20.1.2.1 Within seven (7) days after receipt of the notice from the Contractor under GCC Sub-Clause 20.1.1.1, the Project Manager shall deploy the operating and maintenance personnel and other material if so specified in the corresponding Appendix - 6 (Scope of Works and Supply by the Employer) to the Contract Agreement for Precommissioning of the Facilities or any part thereof.

20.1.2.2 As soon as reasonably practicable after the operating and maintenance personnel have been deployed by the Employer and other materials have been provided by the Employer in accordance with GCC Sub-Clause 20.1.2.1, the Contractor shall commence Precommissioning of the Facilities or the relevant part thereof, in presence of the Employer's representatives, as per procedures detailed in Technical Specifications in preparation for Commissioning.

20.1.2.3 As soon as all works in respect of Precommissioning are successfully completed and, in the opinion of the Contractor, the Facilities or any part thereof is ready for Commissioning, the Contractor shall notify the Project Manager in writing.

20.1.2.4 The Project Manager shall, within fourteen (14) days after receipt of the Contractor's notice under GCC Sub-Clause 20.1.2.3, notify the Contractor in writing of any defects and/or deficiencies.

20.1.2.5 If the Project Manager notifies the Contractor of any defects and/or deficiencies, the Contractor shall then correct such defects and/or deficiencies, and shall repeat the procedure described in GCC Sub-Clause 20.1.2.2. If in the opinion of the Contractor, the Facilities or any part thereof is now ready for Commissioning, the Contractor shall again notify the Project Manager in writing. If further defects and/or deficiencies are not notified by the Project Manager and if the

Project Manager is satisfied that the Precommissioning of Facilities or that part thereof have been successfully completed, the Project Manager shall, within seven (7) days after receipt of the Contractor's such notice, advise the Contractor to proceed with the Commissioning of the Facilities or part thereof.

- 20.1.2.6 If the Project Manager fails to inform the Contractor of any defects and/or deficiencies within fourteen (14) days after receipt of the Contractor's notice under GCC Sub-Clause 20.1.2.4 or within seven (7) days after receipt of the Contractor's notice on completion of repeat procedure under GCC Sub-Clause 20.1.2.5, then the Precommissioning of the Facilities or that part thereof shall be considered to have been successfully completed as of the date of the Contractor's notice.
- 20.1.2.7 As soon as possible after Precommissioning, the Contractor shall complete all outstanding minor items so that the Facilities are fully in accordance with the requirements of the Contract, failing which the Employer will undertake such completion and deduct the costs thereof from any monies owing to the Contractor.
- 20.1.2.8 In the event that the Contractor is unable to proceed with the Precommissioning of the Facilities pursuant to Sub-Clause 20.1.2 for reasons attributable to the Employer either on account of non-availability of other facilities under the responsibilities of other contractor(s), or for reasons beyond the Employer's control, the following provisions shall apply:

When the Contractor is notified by the Project Manager that he will be unable to proceed with the activities and obligations pursuant to above GCC Sub-Clause 20.1.2.8, the Contractor shall be entitled to the following:

- a) the Time of Completion shall be extended for the period of suspension without imposition of liquidated damages pursuant to GCC Sub-Clause 21.2.
- b) payments due to the Contractor in accordance with the provisions specified in Appendix I (Terms and Procedures of Payment) to the Contract Agreement, which would have not been payable in normal circumstances due to non-completion of the said activities and obligations, shall be released to the Contractor against submission of a security in the form of a bank guarantee of equivalent amount acceptable to the Employer, and which shall become null and void when the Contractor will have complied with its obligations regarding

these payments, subject to the provisions of GCC Sub-Clause 21.2.9 below.

- c) the expenses payable by the Contractor to the Bankers toward the extension of above security and extension of other securities under the Contract, of which validity need to be extended, shall be reimbursed to the Contractor by the Employer against documentary evidence.
- d) the additional charges toward the care of the Facilities pursuant to GCC Sub-Clause 28.1 shall be reimbursed to the Contractor by the Employer for the period between the notification mentioned above and the notification mentioned in GCC Sub-Clause 20.1.2.10 below. The provisions of GCC Sub-Clause 29.2 shall apply to the Facilities during the same period.

20.1.2.9 In the event that the period of suspension under GCC Sub-Clause 20.1.2.8 actually exceeds one hundred eighty (180) days, the Employer and the Contractor shall mutually agree to any additional compensation payable to the Contractor.

20.1.2.10 As and when, after the period of suspension under GCC Sub-Clause 20.1.2.8, the Contractor is notified by the Project Manager that the Facilities are ready for Precommissioning, the Contractor shall proceed without delay in performing all activities and obligations under the Contract.

### 20.1.3 Commissioning

20.1.3.1 Commissioning of the Facilities or any part thereof shall be commenced by the Contractor immediately after being advised by the Project Manager, pursuant to GCC Sub-Clause 20.1.2.5 or immediately after the Precommissioning is considered to be completed under GCC Sub-Clause 20.1.2.6.

20.1.3.1.1 Commissioning of the Facilities or any part thereof shall be completed by the Contractor as per procedures detailed in Technical Specifications.

20.1.3.2 The Employer shall, to the extend specified in Appendix – 6 (Scope of works and supply by the Employer), deploy the operating and maintenance personnel and supply all raw materials, utilities, lubricants, chemicals, catalysts, facilities, services and other materials required for commissioning.



- 20.1.3.3 In the event that the Contractor is unable to proceed with the Commissioning of the Facilities pursuant to Sub-Clause 20.1.3 for reasons attributable to the Employer either on account of non-availability of other facilities under the responsibilities of other contractor(s), or for reasons beyond the Employer's control, the provisions of GCC Sub-Clause 20.1.2.8 to 20.1.2.9 shall apply.
- 20.1.3.4 As and when, after the period of suspension under GCC Sub-Clause 20.1.2.8, the Contractor is notified by the Project Manager that the Facilities are ready for Commissioning, the Contractor shall proceed without delay in performing all activities and obligations under the Contract.
- 20.1.4 Trial - Operation
- 20.1.4.1 Trial - Operation of the Facilities or any part thereof shall be commenced by the Contractor immediately after the Commissioning is completed pursuant to GCC Sub-Clause 20.1.3.1.1.
- 20.1.4.2 Trial - Operation of the Facilities or any part thereof shall be completed by the Contractor for the period specified in Technical Specification (or for a continuous period of 24 hours where such period is not specified in Technical Specification) and as per procedures detailed in Technical Specifications.
- 20.1.4.3 At any time after the events set out in GCC Sub-Clause 20.1.4.2 have occurred, the Contractor may give a notice to the Project Manager requesting the issue of a Taking Over Certificate in the form provided in the Bidding Documents or in another form acceptable to the Employer in respect of the Facilities or the part thereof specified in such notice as of the date of such notice.
- 20.1.4.4 The Project Manager shall within twenty-one (21) days after receipt of the Contractor's notice, issue a Taking Over Certificate.
- 20.1.5 Taking Over
- 20.1.5.1 Upon successful Trial - Operation of the Facilities or any part thereof, pursuant to GCC Sub-Clause 20.1.4, the Project Manager shall issue to the Contractor a Taking Over Certificate as a proof of the acceptance of the Facilities or any part thereof. Such certificate shall not relieve the Contractor of any of his obligations which otherwise survive, by the terms and conditions of Contract after issue of such certificate.

20.1.5.2 If within twenty one (21) days after receipt of the Contractor's notice, the Project Manager fails to issue the Taking Over Certificate or fails to inform the Contractor in writing of the justifiable reasons why the Project Manager has not issued the Taking Over Certificate, the Facilities or the relevant part thereof shall be deemed to have been Taken Over as at the date of the Contractor's said notice.

20.1.5.3 Upon Taking Over of the Facilities or any part thereof, the Employer shall be responsible for the care and custody of the Facilities or the relevant part thereof, together with the risk of loss or damage thereto, and shall thereafter take over the Facilities or the relevant part thereof.

## 20.2 Operational Acceptance

### 20.2.1 Guarantee Test

20.2.1.1 The Guarantee Test (and repeats thereof), if any specified in the SCC and/or the Technical Specification, shall be conducted by the Contractor after successful Trial - Operation of the Facilities or the relevant part thereof to ascertain whether the Facilities or the relevant part can attain the Functional Guarantees specified in the Contract Documents or if otherwise required as per the Technical Specifications. The Contractor's and Project Manager's advisory personnel may witness the Guarantee Test. The Contractor shall promptly provide the Employer with such information as the Employer may reasonably require in relation to the conduct and results of the Guarantee Test (and any repeats thereof).

20.2.1.2 If for reasons not attributable to the Contractor, the Guarantee Test of the Facilities or the relevant part thereof cannot be successfully completed within the time stipulated in the Technical Specifications the period for completing the same shall be as agreed upon by the Employer and the Contractor.

### 20.2.2 Operational Acceptance

20.2.2.1 Operational Acceptance shall occur in respect of the Facilities or any part thereof as mentioned below:

- (I) In case no Functional Guarantees are applicable, Operational Acceptance shall occur when the Facilities or part thereof have been successfully Commissioned and Trial - Operation for the specified period have been successfully completed

(II) In case Functional Guarantees are applicable, Operational Acceptance shall occur when the Functional Guarantees are met or the Contractor has paid liquidated damages specified in GCC Sub-Clause 23.3 hereof; or

20.2.2.2 At any time after any of the events set out in GCC Sub-Clause 20.2.2.1 have occurred, the Contractor may give a notice to the Project Manager requesting the issue of an Operational Acceptance Certificate in the form provided in the Bidding Documents or in another form acceptable to the Employer in respect of the Facilities or the part thereof specified in such notice as of the date of such notice.

20.2.2.3 The Project Manager shall within twenty-one (21) days after receipt of the Contractor's notice, issue an Operational Acceptance Certificate.

20.2.2.4 Upon Operational Acceptance, pursuant to GCC Sub-Clause 20.2.2.2, the Project Manager shall issue to the Contractor a Operational Acceptance Certificate as a proof of the final acceptance of the Plant and Equipment. Such certificate shall not relieve the Contractor of any of his obligations which otherwise survive, by the terms and conditions of Contract after issue of such certificate.

20.2.2.5 If within twenty one (21) days after receipt of the Contractor's notice, the Project Manager fails to issue the Operational Acceptance Certificate or fails to inform the Contractor in writing of the justifiable reasons why the Project Manager has not issued the Operational Acceptance Certificate, the Facilities or the relevant part thereof shall be deemed to have been accepted as at the date of the Contractor's said notice.

## 20.3 Partial Acceptance

20.3.1 If the Contract specifies that Commissioning shall be carried out in respect of parts of the Facilities, the provisions relating to Commissioning including the Trial - Operation and Guarantee Test shall apply to each such part of the Facilities individually, and the Operational Acceptance Certificate shall be issued accordingly for each such part of the Facilities.

## F. Guarantees and Liabilities

### 21. Completion Time Guarantee

21.1 The Contractor guarantees that it shall attain Completion of the Facilities (or a part for which a separate time for completion is

specified in the SCC) within the Time for Completion specified in the SCC pursuant to GCC Sub-Clause 4.2, or within such extended time to which the Contractor shall be entitled under GCC Clause 34 hereof.

21.2 If the Contractor fails to comply with the Time for Completion in accordance with Clause GCC 21 for the whole of the facilities, (or a part for which a separate time for completion is agreed) then the Contractor shall pay to the Employer a sum equivalent to half percent (0.5%) of the Contract Price plus GST payable thereon for the whole of the facilities, (or a part for which a separate time for completion is agreed) as liquidated damages for such default and not as a penalty, without prejudice to the Employer's other remedies under the Contract, for each week or part thereof which shall elapse between the relevant Time for Completion and the date stated in Taking Over Certificate of the whole of the Works (or a part for which a separate time for completion is agreed) subject to the limit of five percent (5%) of Contract Price plus GST payable thereon for the whole of the facilities, (or a part for which a separate time for completion is agreed). The Employer may, without prejudice to any other method of recovery, deduct the amount of such damages from any monies due or to become due to the Contractor. The payment or deduction of such damages shall not relieve the Contractor from his obligation to complete the Works, or from any other of his obligations and liabilities under the Contract.

21.3 No bonus will be given for earlier Completion of the Facilities or part thereof.

## **22. Defect Liability**

22.1 The Contractor warrants that the Facilities or any part thereof shall be free from defects in the design, engineering, materials and workmanship of the Plant and Equipment supplied and of the work executed.

22.2 Unless otherwise specified in SCC, the Defect Liability Period shall be twelve (12) months from the date of Taking Over /Completion of Facilities (or any part thereof).

If during the Defect Liability Period any defect should be found in the design, engineering, materials and workmanship of the Plant and Equipment supplied or of the work executed by the Contractor, the Contractor shall promptly, in consultation and agreement with the Employer regarding appropriate remedying of the defects, and at its

cost, repair, replace or otherwise make good (as the Contractor shall, at its discretion, determine) such defect as well as any damage to the Facilities caused by such defect. The Contractor shall not be responsible for the repair, replacement or making good of any defect or of any damage to the Facilities arising out of or resulting from any of the following causes:

- (a) improper operation or maintenance of the Facilities by the Employer
- (b) operation of the Facilities outside specifications provided in the Contract
- (c) normal wear and tear.

22.3 The Contractor's obligations under this GCC Clause 22 shall not apply to

- (a) any materials that are supplied by the Employer under GCC Sub-Clause 17.2, are normally consumed in operation, or have a normal life shorter than the Defect Liability Period stated herein
- (b) any designs, specifications or other data designed, supplied or specified by or on behalf of the Employer or any matters for which the Contractor has disclaimed responsibility herein
- (c) any other materials supplied or any other work executed by or on behalf of the Employer, except for the work executed by the Employer under GCC Sub-Clause 22.7.

22.4 The Employer shall give the Contractor a notice stating the nature of any such defect together with all available evidence thereof, promptly following the discovery thereof. The Employer shall afford all reasonable opportunity for the Contractor to inspect any such defect.

22.5 The Employer shall afford the Contractor all necessary access to the Facilities and the Site to enable the Contractor to perform its obligations under this GCC Clause 22. The Contractor may, with the consent of the Employer, remove from the Site any Plant and Equipment or any part of the Facilities that are defective if the nature of the defect, and/or any damage to the Facilities caused by the defect, is such that repairs cannot be expeditiously carried out at the Site.

- 22.6 If the repair, replacement or making good is of such a character that it may affect the efficiency of the Facilities or any part thereof, the Employer may give to the Contractor a notice requiring that tests of the defective part of the Facilities shall be made by the Contractor immediately upon completion of such remedial work, whereupon the Contractor shall carry out such tests.

If such part fails the tests, the Contractor shall carry out further repair, replacement or making good (as the case may be) until that part of the Facilities passes such tests.

- 22.7 If the Contractor fails to commence the work necessary to remedy such defect or any damage to the Facilities caused by such defect within a reasonable time (which shall in no event be considered to be less than fifteen (15) days), the Employer may, following notice to the Contractor, proceed to do such work, and the reasonable costs incurred by the Employer in connection therewith shall be paid to the Employer by the Contractor or may be deducted by the Employer from any monies due the Contractor or claimed under the Performance Security.

- 22.8 If the Facilities or any part thereof cannot be used by reason of such defect and/or making good of such defect, the Defect Liability Period of the Facilities or such part, as the case may be, shall be extended by a period equal to the period during which the Facilities or such part cannot be used by the Employer because of any of the aforesaid reasons.

Upon correction of the defects in the Facilities or any part thereof by repair/replacement, such repair/replacement shall have the Defect Liability Period extended by a period mentioned in GCC Sub-Clause 22.2 from the time of such replacement/repair of the facilities or any part thereof.

- 22.8.1 At the end of the Defect Liability Period, the Contractor's Liability ceases except for latent defects. The Contractor's liability for latent defects warranty shall be limited to period of ten (10) years from the end of Defect Liability Period. For the purpose of this clause, the latent defects shall be the defects inherently lying within the material or arising out of design deficiency, which do not manifest themselves during the Defect Liability Period defined in this GCC Clause 22, but later.

- 22.9 Except as provided in GCC Clauses 22 and 29, the Contractor shall be under no liability whatsoever and howsoever arising, and whether under the Contract or at law, in respect of defects in the Facilities or

any part thereof, the Plant and Equipment, design or engineering or work executed that appear after Defect Liability Period except for the liability towards obligations that may survive in terms of the Contract after Defect Liability Period, except where such defects are the result of the gross negligence, fraud, criminal or willful action of the Contractor.

## **23. Functional Guarantees**

- 23.1 The Contractor guarantees that the Facilities and all parts thereof shall attain the Functional Guarantees specified in the Technical Specifications, subject to and upon the conditions therein specified.
- 23.2 If, for reasons attributable to the Contractor, the minimum level of the Functional Guarantees specified in the Technical Specifications are not met either in whole or in part, the Contractor shall at its cost and expense make such changes, modifications and/or additions to the Plant or any part thereof as may be necessary to meet at least the minimum level of such Guarantees. The Contractor shall notify the Employer upon completion of the necessary changes, modifications and / or additions, and shall request the Employer to repeat the Guarantee Test until the minimum level of the Guarantees has been met. If the Contractor eventually fails to meet the minimum level of Functional Guarantees, the Employer may consider termination of the Contract pursuant to GCC Sub-Clause 36.2.2 and recover the payments already made to the Contractor.
- 23.3 If, for reasons attributable to the Contractor, the Functional Guarantees specified in the Technical Specifications are not attained either in whole or in part, but the minimum level of the Functional Guarantees specified in the Technical Specifications is met, the Contractor shall, at the Contractor's option, either
- (a) make such changes, modifications and/or additions to the Facilities or any part thereof that are necessary to attain the Functional Guarantees at its cost and expense within a mutually agreed time and shall request the Employer to repeat the Guarantee Test, or
  - (b) pay liquidated damages to the Employer in respect of the failure to meet the Functional Guarantees in accordance with the provisions in the SCC.
- 23.4 In case the Employer exercises its option to accept the equipment after levy of liquidated damages, the payment of liquidated damages under GCC Sub-Clause 23.3, upto the limitation of liability specified

in the SCC, shall completely satisfy the Contractor's guarantees under GCC Sub-Clause 23.3, and the Contractor shall have no further liability whatsoever to the Employer in respect thereof. Upon the payment of such liquidated damages by the Contractor, the Project Manager shall issue the Operational Acceptance Certificate for the Facilities or any part thereof in respect of which the liquidated damages have been so paid.

## **24. Equipment Performance Guarantees**

- 24.1 The Contractor guarantees that the Equipments, named in the SCC, shall attain the rating and performance requirements specified in Appendix - 8 (Guarantees, Liquidated Damages for Non - Performance) to the Contract Agreement, subject to and upon the conditions therein specified.
- 24.2 If the guarantees specified in Appendix - 8 (Guarantees, Liquidated Damages for Non - Performance) to the Contract Agreement are not established, then the Employer shall, at the Employer's discretion either
- (a) reject the equipment, or
  - (b) accept the equipment after assessing liquidated damages in accordance with the provision in the SCC against the Contractor and such amounts shall be deducted from the Contract Price or otherwise recovered from the Contractor.
- 24.3 In case the Employer exercises its option to reject the equipment, the Contractor shall at its cost and expense make such changes, modifications and/or additions to the equipment or any part thereof as may be necessary to meet the specified guarantees. The Contractor shall notify the Employer upon completion of the necessary changes, modifications and/or additions, and shall request the Employer to repeat the Test until the level of the specified guarantee has been met.
- 24.4 Whenever the Employer exercises its option to accept the equipment after levy of liquidated damages, the payment of liquidated damages under GCC Sub-Clause 24.2, upto the limitation of liability specified in the SCC, shall completely satisfy the Contractor's guarantees under GCC Sub-Clause 24.2, and the Contractor shall have no further liability whatsoever to the Employer in respect thereof.



## **25. Patent Indemnity**

- 25.1 The Contractor shall, subject to the Employer's compliance with GCC Sub-Clause 25.2, indemnify and hold harmless the Employer and its employees and officers from and against any and all suits, actions or administrative proceedings, claims, demands, losses, damages, costs, and expenses of whatsoever nature, including attorney's fees and expenses, which the Employer may suffer as a result of any infringement or alleged infringement of any patent, utility model, registered design, trademark, copyright or other intellectual property right registered or otherwise existing at the date of the Contract by reason of: (a) the installation of the Facilities by the Contractor or the use of the Facilities in the country where the Site is located; and (b) the sale of the products produced by the Facilities in any country.

Such indemnity shall not cover any use of the Facilities or any part thereof other than for the purpose indicated by or to be reasonably inferred from the Contract, any infringement resulting from the use of the Facilities or any part thereof, or any products produced thereby in association or combination with any other equipment, plant or materials not supplied by the Contractor, pursuant to the Contract Agreement.

- 25.2 If any proceedings are brought or any claim is made against the Employer arising out of the matters referred to in GCC Sub-Clause 25.1, the Employer shall promptly give the Contractor a notice thereof, and the Contractor may at its own expense and in the Employer's name conduct such proceedings or claim and any negotiations for the settlement of any such proceedings or claim. If the Contractor fails to notify the Employer within twenty-eight (28) days after receipt of such notice that it intends to conduct any such proceedings or claim, then the Employer shall be free to conduct the same on its own behalf. Unless the Contractor has so failed to notify the Employer within the twenty-eight (28) day period, the Employer shall make no admission that may be prejudicial to the defense of any such proceedings or claim.

The Employer shall, at the Contractor's request, afford all available assistance to the Contractor in conducting such proceedings or claim, and shall be reimbursed by the Contractor for all reasonable expenses incurred in so doing.

- 25.3 The Employer shall indemnify and hold harmless the Contractor and its employees, officers and Subcontractors from and against any and all suits, actions or administrative proceedings, claims, demands, losses, damages, costs, and expenses of whatsoever nature, including

attorney's fees and expenses, which the Contractor may suffer as a result of any infringement or alleged infringement of any patent, utility model, registered design, trademark, copyright or other intellectual property right registered or otherwise existing at the date of the Contract arising out of or in connection with any design, data, drawing, specification, or other documents or materials provided or designed by or on behalf of the Employer.

## **26. Limitation of Liability**

26.1 Except in cases of gross negligence or willful misconduct,

- (a) the Contractor and the Employer shall not be liable to the other party for any indirect or consequential loss or damage, loss of use, loss of production, or loss of profits or interest costs, provided that this exclusion shall not apply to any obligation of the Contractor to pay liquidated damages to the Employer and
- (b) the aggregate liability of the Contractor to the Employer, whether under the Contract, in tort or otherwise, shall not exceed the total Contract Price, provided that this limitation shall not apply to the cost of repairing or replacing defective equipment, or to any obligation of the Contractor to indemnify the Employer with respect to patent infringement.

## **G. Risk Distribution**

### **27. Transfer of Ownership**

- 27.1 Ownership of the Plant and Equipment (including spare parts) to be imported into India shall be transferred to the Employer upon loading on to the mode of transport to be used to convey the Plant and Equipment from the country of origin to that country and upon endorsement of the dispatch documents in favour of the Employer.
- 27.2 Ownership of the Plant and Equipment (including spare parts) procured in India, shall be transferred to the Employer upon loading on to the mode of transport to be used to carry the Plant and Equipment from the works/warehouse/ any other place where the Contractor wishes to supply the goods to the site and upon endorsement of the despatch documents in favour of the Employer.
- 27.3 Ownership of the Contractor's Equipment used by the Contractor and its Subcontractors in connection with the Contract shall remain with the Contractor or its Subcontractors.

- 27.4 Ownership of any Plant and Equipment in excess of the requirements for the Facilities shall revert to the Contractor upon Completion of the Facilities or at such earlier time when the Employer and the Contractor agree that the Plant and Equipment in question are no longer required for the Facilities provided quantity of any Plant and Equipment specifically stipulated in the Contract shall be the property of the Employer whether or not incorporated in the Facilities.
- 27.5 Notwithstanding the transfer of ownership of the Plant and Equipment, the responsibility for care and custody thereof together with the risk of loss or damage thereto shall remain with the Contractor pursuant to GCC Clause 28 (Care of Facilities) hereof until Completion of the Facilities and Taking Over pursuant to GCC Clause 20 or the part thereof, if any, as per GCC Sub-Clause 1.1(e) in which such Plant and Equipment are incorporated.

## **28. Care of Facilities**

- 28.1 The Contractor shall be responsible for the care and custody of the Facilities or any part thereof until the date of Taking Over Certificate pursuant to GCC Clause 20 or, where the Contract provides for Completion of the Facilities in parts, until the date of Completion of the relevant part, and shall make good at its own cost any loss or damage that may occur to the Facilities or the relevant part thereof from any cause whatsoever during such period. The Contractor shall also be responsible for any loss or damage to the Facilities caused by the Contractor or its Subcontractors in the course of any work carried out, pursuant to GCC Clause 22. Notwithstanding the foregoing, the Contractor shall not be liable for any loss or damage to the Facilities or that part thereof caused by any use or occupation by the Employer or any third party (other than a Subcontractor) authorized by the Employer of any part of the Facilities.

## **29. Loss of or Damage to Property; Accident or Injury to Workers; Indemnification**

- 29.1 The Contractor shall indemnify and hold harmless the Employer and its employees and officers from and against any and all suits, actions or administrative proceedings, claims, demands, losses, damages, costs, and expenses of whatsoever nature, including attorney's fees and expenses, in respect of the death or injury of any person or loss of or damage to any property (other than the Facilities whether accepted or not), arising in connection with the supply and installation of the Facilities and by reason of the negligence of the

Contractor or its Subcontractors, or their employees, officers or agents, except any injury, death or property damage caused by the negligence of the Employer, its contractors, employees, officers or agents.

- 29.2 If any proceedings are brought or any claim is made against the Employer that might subject the Contractor to liability under GCC Sub-Clause 29.1, the Employer shall promptly give the Contractor a notice thereof and the Contractor may at its own expense and in the Employer's name conduct such proceedings or claim and any negotiations for the settlement of any such proceedings or claim.

If the Contractor fails to notify the Employer within twenty-eight (28) days after receipt of such notice that it intends to conduct any such proceedings or claim, then the Employer shall be free to conduct the same on its own behalf. Unless the Contractor has so failed to notify the Employer within the twenty-eight (28) day period, the Employer shall make no admission that may be prejudicial to the defense of any such proceedings or claim.

The Employer shall, at the Contractor's request, afford all available assistance to the Contractor in conducting such proceedings or claim, and shall be reimbursed by the Contractor for all reasonable expenses incurred in so doing.

- 29.3 Notwithstanding anything in this Contract to the contrary, it is agreed that neither the Contractor nor the Employer shall be liable to the other party for loss of production, loss of profit, loss of use or any other indirect or consequential damages.

### **30. Insurance**

- 30.1 To the extent specified in the corresponding Appendix-3 (Insurance Requirements) to the Contract Agreement, the Contractor shall at its expense take out and maintain in effect, or cause to be taken out and maintained in effect, during the performance of the Contract, the insurances set forth below in the sums and with the deductibles and other conditions specified in the said Appendix. The identity of the insurers and the form of the policies shall be subject to the approval of the Employer, who should not unreasonably withhold such approval.

(a) Marine Cargo Policy/Transit Insurance Policy:

(I)(i) Marine Cargo policy for imported equipment

The Contractor shall take the Marine Cargo Policy for Plant and Equipment including Mandatory Spares to be supplied from abroad wherein export/import including inland transit is involved for the movement of the Plant and Equipment including mandatory Spares. The policy shall cover movement of Plant and Equipment including mandatory Spares from the manufacturer's works to the project's warehouse at final destination site. The policy shall cover all risk for loss or damage that may occur during transit of Plant and Equipment including mandatory Spares from the Contractor/sub-Contractor's works or stores until arrival at project's warehouse/store at final destination. Institute Cargo Clause (ICC) 'A' along with war & Strike Riots & Civil Commotion (SRCC) cover shall be taken.

(I)(ii) Transit Insurance Policy for indigenous equipment

Similarly, Transit Insurance Policy shall be taken wherein only inland transit is involved for the movement of Plant and Equipment including mandatory Spares supplied from within India. The policy shall cover movement of Plant and Equipment including mandatory Spares from the manufacturer's works to the project's warehouse at final destination site. Inland Transit Clause (ITC) 'A' along with war & Strike Riots & Civil Commotion (SRCC) extension cover shall be taken.

(II) If during the execution of Contract, the Employer requests the Contractor to take any other add-on cover(s)/ supplementary cover(s) in aforesaid insurance, in such a case, the Contractor shall promptly take such add-on cover(s)/ supplementary cover(s) and the charges towards such premium for such add-on cover(s)/ supplementary cover(s) shall be reimbursed to the Contractor on submission documentary evidence of payment to the Insurance company. Therefore, charges towards premium for such add-on cover(s)/ supplementary cover(s) are not included in the Contract Price.

- (III) The Contractor shall take the policy in the joint names of Employer and the Contractor. The policy shall indicate the Employer as the beneficiary. However, if the Contractor is having an open policy for its line of business, it should obtain an endorsement of the open cover policy from the insurance company indicating that the dispatches against this Contract are duly covered under its open policy and include the name of the Employer as jointly Insured in the endorsements to the open policy.

(b) Erection All Risk Policy/Contractor All Risk Policy:

- (I) The policy should cover all physical loss or damage to the facility at site during storage, erection and commissioning covering all the perils as provided in the policy as a basic cover and the add on covers as mentioned at Sl. No. (III) below.
- (II) The Contractor shall take the policy in the joint name of Employer and the Contractor. All these policies shall indicate Employer as the beneficiary. The policy shall be kept valid till the date of the Operational Acceptance of the project and the period of the coverage shall be determined with the approval of the Employer.

If the work is completed earlier than the period of policy considered, the Contractor shall obtain the refund as per provisions of the policy and pass on the benefit to Employer. In case no refund is payable by the insurance company then the certificate to that effect shall be submitted to Employer at the completion of the project.

- (III) The following add-on covers shall also be taken by the Contractor:
  - i) Earthquake
  - ii) Terrorism
  - iii) Escalation cost (approximately @10% of sum insured on annual basis)
  - iv) Extended Maintenance cover for Defect Liability Period
  - v) Design Defect
  - vi) Other add-on covers viz., 50-50 clause, 72 hours clause, loss minimization clause, waiver of subrogation clause (for projects of more than 100

crores, cover for offsite storage/fabrication (over 100 crores).

- (IV) Third Party Liability cover with cross Liability within Geographical limits of India as on ADD-on cover to the basic EAR cover:

The third party liability add-on cover shall cover bodily injury or death suffered by third parties (including the Employer's personnel) and loss of or damage to property (including the Employer's property and any parts of the Facilities which have been accepted by the Employer) occurring in connection with supply and installation of the Facilities.

- (V) As per para 30.8 below, the cost of insurance premium is to be reimbursed to the Contractor for Owner Supplied Materials (OSM) for which the insurer is to be finalized by the Contractor as detailed therein. Alternatively, the Contractor may take a single policy covering the entire cost of the project including the cost of OSM. For this purpose, the Contractor shall submit documentary evidence for the premium paid for the entire project to the Employer and Employer shall reimburse to the Contractor the proportion of premium equal to value of OSM to total sum insured.

- (VI) If during the execution of Contract, the Employer requests the Contractor to take any other add-on cover(s)/ supplementary cover(s) in aforesaid insurance, in such a case, the Contractor shall promptly take such add-on cover(s)/ supplementary cover(s) and the charges towards such premium for such add-on cover(s)/ supplementary cover(s) shall be reimbursed to the Contractor on submission documentary evidence of payment to the Insurance company. Therefore, charges towards premium for such add-on cover(s)/ supplementary cover(s) are not included in the Contract Price.

(c) Automobile Liability Insurance

The Contractor shall ensure that all the vehicles deployed by the Contractor or its Subcontractors (whether or not owned by them) in connection with the supply and installation of the Facilities in the project are duly insured as per RTA act. Further

the Contractor or its Subcontractors may also take comprehensive policy (own damage plus third party liability) of each individual vehicles deployed in the project on their own discretion in their own name to protect their own interest.

(d) Workmen Compensation Policy:

- (I) Workmen Compensation Policy shall be taken by the Contractor in accordance with the statutory requirement applicable in India. The Contractor shall ensure that all the workmen employed by the Contractor or its Subcontractors for the project are adequately covered under the policy.
- (II) The policy may either be project specific covering all men of the Contractor and its Subcontractors. The policy shall be kept valid till the date of Operational Acceptance of the project.

Alternatively, if the Contractor has an existing 'Workmen Compensation Policy' for all its employees including that of the Subcontractor(s), the Contractor must include the interest of the Employer for this specific Project in its existing 'Workmen Compensation Policy'.

- (III) Without relieving the Contractor of its obligations and responsibilities under this Contract, before commencing work the Contractor shall insure against liability for death of or injury to persons employed by the Contractor including liability by statute and at common law. The insurance cover shall be maintained until all work including remedial work is completed including the Defect Liability Period. The insurance shall be extended to indemnify the Principal for the Principal's statutory liability to persons employed by the Contractor.

The Contractor shall also ensure that each of its Subcontractors shall effect and maintain insurance on the same basis as the 'Workmen Compensation Policy' effected by the Contractor.

(e) Contractor's Plant and Machinery (CPM) Insurance

The Employer (including without limitation any consultant, servant, agent or employee of the Employer) shall not in any circumstances be liable to the Contractor for any loss of or



damage to any of the Contractor's Equipment or for any losses, liabilities, costs, claims, actions or demands which the Contractor may incur or which may be made against it as a result of or in connection with any such loss or damage.

- 30.2 The Employer shall be named as co-insured under all insurance policies taken out by the Contractor pursuant to GCC Sub-Clause 30.1, except for the Third Party Liability, Workmen Compensation Policy Insurances, and the Contractor's Subcontractors shall be named as co-insureds under all insurance policies taken out by the Contractor pursuant to GCC Sub-Clause 30.1 except for the Cargo Insurance During Transport, Workmen Compensation Policy Insurances. All insurer's rights of subrogation against such co-insureds for losses or claims arising out of the performance of the Contract shall be waived under such policies.
- 30.3 The Contractor shall, in accordance with the provisions of the corresponding Appendix - 3 (Insurance Requirements) to the Contract Agreement, deliver to the Employer certificates of insurance (or copies of the insurance policies) as evidence that the required policies are in full force and effect. The certificates shall provide that no less than twenty-one (21) days' notice shall be given to the Employer by insurers prior to cancellation or material modification of a policy.
- 30.4 The Contractor shall ensure that, where applicable, its Subcontractor(s) shall take out and maintain in effect adequate insurance policies for their personnel and vehicles and for work executed by them under the Contract, unless such Subcontractors are covered by the policies taken out by the Contractor.
- 30.5 The Employer shall at its expense take out and maintain in effect during the performance of the Contract those insurances specified in the corresponding Appendix - 3 (Insurance Requirements) to the Contract Agreement, in the sums and with the deductibles and other conditions specified in the said Appendix. The Contractor and the Contractor's Subcontractors shall be named as co-insureds under all such policies. All insurers' rights of subrogation against such co-insureds for losses or claims arising out of the performance of the Contract shall be waived under such policies. The Employer shall deliver to the Contractor satisfactory evidence that the required insurances are in full force and effect. The policies shall provide that not less than twenty-one (21) days' notice shall be given to the Contractor by all insurers prior to any cancellation or material modification of the policies. If so requested by the Contractor, the

Employer shall provide copies of the policies taken out by the Employer under this GCC Sub-Clause 30.5.

- 30.6 If the Contractor fails to take out and/or maintain in effect the insurances referred to in GCC Sub-Clause 30.1, the Employer may take out and maintain in effect any such insurances and may from time to time deduct from any amount due the Contractor under the Contract any premium that the Employer shall have paid to the insurer, or may otherwise recover such amount as a debt due from the Contractor. If the Employer fails to take out and/or maintain in effect the insurances referred to in GCC 30.5, the Contractor may take out and maintain in effect any such insurances and may from time to time deduct from any amount due the Employer under the Contract any premium that the Contractor shall have paid to the insurer, or may otherwise recover such amount as a debt due from the Employer.
- 30.7 Unless otherwise provided in the Contract, the Contractor shall prepare and conduct all and any claims made under the policies effected by it pursuant to this GCC Clause 30, and the monies payable by any insurers under all the insurance except Third Party Liability Insurance and Workmen Compensation Policy, shall be paid to the Special Account to be opened in the joint name of the Employer and the Contractor as mutually agreed and such amounts paid shall be apportioned between the Employer and the Contractor in accordance with the respective responsibilities under the Contract. The Employer shall give to the Contractor all such reasonable assistance as may be required by the Contractor. With respect to insurance claims in which the Employer's interest is involved, the Contractor shall not give any release or make any compromise with the insurer without the prior written consent of the Employer. With respect to insurance claims in which the Contractor's interest is involved, the Employer shall not give any release or make any compromise with the insurer without the prior written consent of the Contractor.
- 30.8 Further all equipment and materials being supplied by Employer for the erection (as per Technical Specification) shall be kept insured by the Contractor against any loss, damage, pilferage, theft, fire, etc. from the point of unloading up to the time of taking over by Employer including handling, transportation, storage, erection, testing and commissioning etc. The premium paid to the Insurance company by the Contractor for such insurance shall be reimbursed by Employer to the Contractor. The Contractor shall obtain competitive quotation for such insurance and shall take prior approval from Employer before taking the insurance. The insurable

value of the equipment being supplied by Employer shall be intimated to the Contractor for arranging the insurance.

- 30.9 It will be the responsibility of the Contractor to lodge, pursue and settle all claims with the insurance company in case of any damage, loss, theft, pilferage or fire during execution of Contract and Employer shall be kept informed about it. The Contractor shall replace the lost/damaged materials promptly irrespective of the settlement of the claims by the underwriters and ensure that the work progress is as per agreed schedules. The losses, if any, in such replacement will have to be borne by the Contractor.

### **31. Change in Laws and Regulations**

- 31.1 If, after the date seven (07) days prior to the date of Bid Opening, any law, regulation, ordinance, order or by-law having the force of law is enacted, promulgated, abrogated or changed in India (which shall be deemed to include any change in interpretation or application by the competent authorities) that subsequently affects the costs and expenses of the Contractor and/or the Time for Completion, the Contract Price shall be correspondingly increased or decreased, and/or the Time for Completion shall be reasonably adjusted to the extent that the Contractor has thereby been affected in the performance of any of its obligations under the Contract. These adjustments shall be applicable for all transactions between the Employer and the Contractor for supply of goods and services under the Contract but shall not be applicable on procurement of raw materials, intermediary components etc. by the Contractor for which the Employer shall be the sole judge. Notwithstanding the foregoing, such additional or reduced costs shall not be separately paid or credited if the same has already been accounted for in the price adjustment provisions where applicable, in accordance with the Appendix-2 to the Contract Agreement.

### **32. Force Majeure**

- 32.1 "Force Majeure" shall mean any event beyond the reasonable control of the Employer or of the Contractor, as the case may be, and which is unavoidable notwithstanding the reasonable care of the party affected, and shall include, without limitation, the following:
- (a) war, hostilities or warlike operations (whether war be declared or not), invasion, act of foreign enemy and civil war,
  - (b) rebellion, revolution, insurrection, mutiny, usurpation of government, conspiracy, riot and civil commotion,

- (c) earthquake, landslide, volcanic activity, flood or cyclone, or other inclement weather condition, nuclear and pressure waves or other natural or physical disaster,
- 32.2 Neither party shall be considered to be in default or in breach of his obligations under the Contract to the extent that performance of such obligation is prevented by any circumstances of Force majeure, which arises after date of Notification of Award.
- 32.3 If either party is prevented, hindered or delayed from or in performing any of its obligations under the Contract by an event of Force Majeure, then it shall notify the other in writing of the occurrence of such event and the circumstances thereof within fourteen (14) days after the occurrence of such event.
- 32.4 The party who has given such notice shall be excused from the performance or punctual performance of its obligations under the Contract for so long as the relevant event of Force Majeure continues and to the extent that such party's performance is prevented, hindered or delayed. The Time for Completion shall be extended in accordance with GCC Clause 34.

## **H. Change in Contract Elements**

### **33. Change in the Facilities**

- 33.1 Introducing a Change
  - 33.1.1 Subject to GCC Sub-Clauses 33.2.5 and 33.2.7, the Employer shall have the right to propose, and subsequently require, that the Project Manager order the Contractor from time to time during the performance of the Contract to make any change, modification, addition or deletion to, in or from the Facilities (hereinafter called "Change"), provided that such Change falls within the general scope of the Facilities and does not constitute unrelated work and that it is technically practicable, taking into account both the state of advancement of the Facilities and the technical compatibility of the Change envisaged with the nature of the Facilities as specified in the Contract.
  - 33.1.2 The Contractor may from time to time during its performance of the Contract propose to the Employer (with a copy to the Project Manager) any Change that the Contractor considers necessary or desirable to improve the quality, efficiency or safety of the Facilities. The Employer may at its discretion approve or reject any Change

proposed by the Contractor, provided that the Employer shall approve any Change proposed by the Contractor to ensure the safety of the Facilities.

33.1.3 Changes made necessary because of any default of the Contractor in the performance of its obligations under the Contract shall be not be deemed to be a Change, and such change shall not result in any adjustment of the Contract Price or the Time for Completion.

33.1.4 The procedure on how to proceed with and execute Changes is specified in GCC Sub-Clauses 33.2 and 33.3.

### 33.2 Changes Originating from Employer

33.2.1 The pricing of any Change shall, as far as practicable, be calculated in accordance with the rates and prices included in the Contract. If such rates and prices are inequitable, the parties thereto shall agree on specific rates for the valuation of the Change.

33.2.2 The Contract Price for (i) the items for which quantities have been indicated as lumpsum or lot or set and/or (ii) where the quantities are to be estimated by the Contractor shall remain constant unless there is change made in the Scope of Work by Employer. The quantities and unit prices (i) subsequently arrived while approving the Bill of Quantities (BOQ)/Billing breakup of lumpsum quantities/lot/Set and/or (ii) estimated by the Contractor shall be for on account payment purpose only. In case additional quantities, over and above the quantities in BOQ/billing breakup and /or estimated by the Contractor, are required for successful completion of the scope of work as per Technical Specification, the Contractor shall execute additional quantities of these items for which no additional payment shall be made over and above the lumpsum Contract Price. In case quantities of these items supplied at site are in excess of that required for successful completion of scope of work, such additional quantities shall be the property of the Contractor and they shall be allowed to take back the same from the site for which no deduction from the lumpsum Contract Price shall be made. Further, in case actual requirement of quantities for successful completion of scope of work is less than the quantities identified in the approved BOQ /billing breakup and/or estimated by the Contractor, the lumpsum contract price shall remain unchanged and no deduction shall be made from the lumpsum price due to such reduction of quantities.

It shall be the responsibility of the Contractor to pay all statutory taxes, duties and levies to the concerned authorities for such surplus

material which would otherwise have been, lawfully payable in case of non-deemed export contracts. The Contractor shall submit an indemnity bond to keep Employer harmless from any liability, before release of such material to the Contractor by Employer.

Set/Lot/Lumpsum shall be governed as per the requirement of the corresponding item description read in conjunction with relevant provisions of Technical Specifications and the Billing breakup referred to above shall be issued by the Employer based on Contractor's request, if and as may be required during the currency of the Contract.

HSN/SAC has not been indicated in the Contract for lumpsum quantities/lot/Set as each of these consists of many items for which billing break up shall be furnished during contract execution. GST shall be reimbursed on these items based on HSN /SAC for these items furnished along with billing breakup. However, the reimbursement shall be limited to the amount derived based on the rate indicated in the contract or actual, whichever is less.

- 33.2.3 If before or during the preparation of the Change Proposal it becomes apparent that the aggregate effect of compliance therewith and with all other Change Orders that have already become binding upon the Contractor under this GCC Clause 33 would be to increase or decrease the Contract Price as originally set forth in Article 2 (Contract Price and Terms of Payment) of the Contract Agreement by more than the percentage specified in SCC, the Employer and the Contractor shall mutually agree on specific rates for valuation of the Change beyond the specified percentage.

For the said purpose, the Contract Price means the Contract Price of the Facilities notwithstanding the Construction of the Contract.

- 33.2.4 If rates and prices of any change are not available in the Contract, the parties thereto shall agree on specific rates for the valuation of the change and all matters therein related to the change. Based on the same, the Employer shall, if it intends to proceed with the Change, issue the Contractor with a Change Order.

- 33.2.5 The Employer shall issue the Contractor with a Change Order pursuant to GCC Sub-Clause 33.2 by way of amendment to the Contract or in any other manner deemed appropriate. Even if the Employer and the Contractor cannot reach agreement on the price for the Change, an equitable adjustment to the Time for Completion, or any other matters related to the Change Proposal, the Employer may nevertheless instruct the Contractor to proceed with the Change

by issue of a "Pending Agreement Change Order" ("Pending Agreement Amendment").

Upon receipt of a Pending Agreement Change Order, the Contractor shall immediately proceed with effecting the Changes covered by such Order. The parties shall thereafter attempt to reach agreement on the outstanding issues under the Change Proposal.

If the parties cannot reach agreement within sixty (60) days from the date of issue of the Pending Agreement Change Order, then the matter may be referred to the Arbitrator in accordance with the provisions of GCC Clause 38 & 39.

### **33.3 Changes Originating from Contractor**

33.3.1 If the Contractor proposes a Change pursuant to GCC Sub-Clause 33.1.2, the Contractor shall submit to the Project Manager a written "Request for Change Proposal", giving reasons for the proposed Change and which shall include the following:

- (a) brief description of the Change
- (b) effect on the Time for Completion
- (c) estimated cost of the Change
- (d) effect on Functional Guarantees (if any)
- (e) effect on any other provisions of the Contract.

Upon receipt of the Request for Change Proposal, the parties shall follow the procedures outlined in GCC Sub-Clauses 33.2.1 and 33.2.5. However, should the Employer choose not to proceed, the Contractor shall not be entitled to recover the costs of preparing the Request for Change Proposal.

## **34. Extension of Time for Completion**

34.1 The Time(s) for Completion specified in the SCC shall be extended if the Contractor is delayed or impeded in the performance of any of its obligations under the Contract by reason of any of the following:

- (a) any Change in the Facilities as provided in GCC Clause 33
- (b) any occurrence of Force Majeure as provided in GCC Clause 32
- (c) any suspension order given by the Employer under GCC Clause 35 hereof or reduction in the rate of progress pursuant to GCC Sub-Clause 35.2 or

(d) any changes in laws and regulations as provided in GCC Clause 31 or

(e) any other matter specifically mentioned in the Contract

by such period as shall be fair and reasonable in all the circumstances and as shall fairly reflect the delay or impediment sustained by the Contractor.

34.2 Except where otherwise specifically provided in the Contract, the Contractor shall submit to the Project Manager a notice of a claim for an extension of the Time for Completion, together with particulars of the event or circumstance justifying such extension as soon as reasonably practicable after the commencement of such event or circumstance. As soon as reasonably practicable after receipt of such notice and supporting particulars of the claim, the Employer and the Contractor shall agree upon the period of such extension. In the event that the Contractor does not accept the Employer's estimate of a fair and reasonable time extension, the Contractor shall be entitled to refer the matter to Arbitration, pursuant to GCC Sub-Clause 39.

34.3 The Contractor shall at all times use its reasonable efforts to minimize any delay in the performance of its obligations under the Contract.

## **35. Suspension**

35.1 The Employer may request the Project Manager, by notice to the Contractor, to order the Contractor to suspend performance of any or all of its obligations under the Contract. Such notice shall specify the obligation of which performance is to be suspended, the effective date of the suspension and the reasons therefor. The Contractor shall thereupon suspend performance of such obligation (except those obligations necessary for the care or preservation of the Facilities) until ordered in writing to resume such performance by the Project Manager.

If, by virtue of a suspension order given by the Project Manager, other than by reason of the Contractor's default or breach of the Contract, the Contractor's performance of any of its obligations is suspended for an aggregate period of more than ninety (90) days, then at any time thereafter and provided that at that time such performance is still suspended, the Contractor may give a notice to the Project Manager requiring that the Employer shall, within twenty-eight (28) days of receipt of the notice, order the resumption of such performance or request and subsequently order a change in



accordance with GCC Clause 33, excluding the performance of the suspended obligations from the Contract.

If the Employer fails to do so within such period, the Contractor may, by a further notice to the Project Manager, elect to treat the suspension, where it affects a part only of the Facilities, as a deletion of such part in accordance with GCC Clause 33 or, where it affects the whole of the Facilities, as termination of the Contract under GCC Sub-Clause 36.1.

- 35.2 If the Contractor's performance of its obligations is suspended or the rate of progress is reduced pursuant to this GCC Clause 35, then the Time for Completion shall be extended in accordance with GCC Sub-Clause 34.1, and any and all additional costs or expenses incurred by the Contractor as a result of such suspension or reduction shall be paid by the Employer to the Contractor in addition to the Contract Price, except in the case of suspension order or reduction in the rate of progress by reason of the Contractor's default or breach of the Contract.
- 35.3 During the period of suspension, the Contractor shall not remove from the Site any Plant and Equipment, any part of the Facilities or any Contractor's Equipment, without the prior written consent of the Employer.

## **36. Termination**

### **36.1 Termination for Employer's Convenience**

- 36.1.1 The Employer may at any time terminate the Contract for any reason by giving the Contractor a notice of termination that refers to this GCC Sub-Clause 36.1.
- 36.1.2 Upon receipt of the notice of termination under GCC Sub-Clause 36.1.1, the Contractor shall either immediately or upon the date specified in the notice of termination
- (a) cease all further work, except for such work as the Employer may specify in the notice of termination for the sole purpose of protecting that part of the Facilities already executed, or any work required to leave the Site in a clean and safe condition
  - (b) terminate all subcontracts, except those to be assigned to the Employer pursuant to paragraph (d) (ii) below
  - (c) remove all Contractor's Equipment from the Site, repatriate the Contractor's and its Subcontractors' personnel from the Site,

remove from the Site any wreckage, rubbish and debris of any kind, and leave the whole of the Site in a clean and safe condition

(d) In addition, the Contractor, subject to the payment specified in GCC Sub-Clause 36.1.3, shall

(i) deliver to the Employer the parts of the Facilities executed by the Contractor up to the date of termination

(ii) to the extent legally possible, assign to the Employer all right, title and benefit of the Contractor to the Facilities and to the Plant and Equipment as of the date of termination, and, as may be required by the Employer, in any subcontracts concluded between the Contractor and its Subcontractors

(iii) deliver to the Employer all non-proprietary drawings, specifications and other documents prepared by the Contractor or its Subcontractors as at the date of termination in connection with the Facilities.

36.1.3 In the event of termination of the Contract under GCC Sub-Clause 36.1.1, the Employer shall pay to the Contractor the following amounts:

(a) the Contract Price, properly attributable to the parts of the Facilities executed by the Contractor as of the date of termination

(b) the costs reasonably incurred by the Contractor in the removal of the Contractor's Equipment from the Site and in the repatriation of the Contractor's and its Subcontractors' personnel

(c) any amounts to be paid by the Contractor to its Subcontractors in connection with the termination of any subcontracts, including any cancellation charges

(d) costs incurred by the Contractor in protecting the Facilities and leaving the Site in a clean and safe condition pursuant to paragraph (a) of GCC Sub-Clause 36.1.2

(e) the cost of satisfying all other obligations, commitments and claims that the Contractor may in good faith have undertaken

with third parties in connection with the Contract and that are not covered by paragraphs (a) through (d) above.

## 36.2 Termination for Contractor's Default

36.2.1 The Employer, without prejudice to any other rights or remedies it may possess, may terminate the Contract forthwith in the following circumstances by giving a notice of termination and its reasons therefor to the Contractor, referring to this GCC Sub-Clause 36.2:

- (a) if the Contractor becomes bankrupt or insolvent, has a receiving order issued against it, compounds with its creditors, or, if the Contractor is a corporation, a resolution is passed or order is made for its winding up (other than a voluntary liquidation for the purposes of amalgamation or reconstruction), a receiver is appointed over any part of its undertaking or assets, or if the Contractor takes or suffers any other analogous action in consequence of debt
- (b) if the Contractor assigns or transfers the Contract or any right or interest therein in violation of the provision of GCC Clause 37.
- (c) if the Contractor, in the judgment of the Employer has engaged in corrupt or fraudulent practices in competing for or in executing the Contract.

For the purpose of this Sub-Clause:

"Corrupt Practice" means offering, giving, receiving, or soliciting anything of value to influence the action of Employer official(s) in the procurement process.

"Fraudulent Practice" means any act including suppression/ misrepresentation of facts, submissions of forged/ false documents, making false declarations etc. that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial gain or benefit, or to avoid an obligation, or to influence procurement process to the detriment of interest of the Employer, including collusive practices among bidders (prior to or after bid submission) to establish bid prices at artificial, non-competitive levels and to deprive Employer of the benefits of competitive prices.

“collusive practice” shall also include an arrangement between two or more parties designed to achieve an illegitimate purpose to the detriment of interest of Employer.

“coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;

“Obstructive practice” means

(aa) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/ or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation,

or

(bb) acts intended to materially impede the exercise of the contractual rights or audit or access to information.

In persuasions of its policy, the Employer will sanction a firm or individual, including declaring ineligible, either indefinitely or for a stated period of time, to be awarded a contract if it at any time determines that the firm has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract.

#### 36.2.2 If the Contractor

- (a) has abandoned or repudiated the Contract
- (b) has without valid reason failed to commence work on the Facilities promptly or has suspended (other than pursuant to GCC Sub-Clause 35.2) the progress of Contract performance for more than twenty-eight (28) days after receiving a written instruction from the Employer to proceed
- (c) persistently fails to execute the Contract in accordance with the Contract or persistently neglects to carry out its obligations under the Contract without just cause

- (d) refuses or is unable to provide sufficient materials, services or labor to execute and complete the Facilities in the manner specified in the program furnished under GCC Sub-Clause 14.2 at rates of progress that give reasonable assurance to the Employer that the Contractor can attain Completion of the Facilities by the Time for Completion as extended,

then the Employer may, without prejudice to any other rights it may possess under the Contract, give a notice to the Contractor stating the nature of the default and requiring the Contractor to remedy the same. If the Contractor fails to remedy or to take steps to remedy the same within fourteen (14) days of its receipt of such notice, then the Employer may terminate the Contract forthwith by giving a notice of termination to the Contractor that refers to this GCC Sub-Clause 36.2.

36.2.3 Upon receipt of the notice of termination under GCC Sub-Clauses 36.2.1 or 36.2.2, the Contractor shall, either immediately or upon such date as is specified in the notice of termination,

- (a) cease all further work, except for such work as the Employer may specify in the notice of termination for the sole purpose of protecting that part of the Facilities already executed, or any work required to leave the Site in a clean and safe condition
- (b) terminate all subcontracts, except those to be assigned to the Employer pursuant to paragraph (d) below
- (c) deliver to the Employer the parts of the Facilities executed by the Contractor up to the date of termination
- (d) to the extent legally possible, assign to the Employer all right, title and benefit of the Contractor to the Facilities and to the Plant and Equipment as of the date of termination, and, as may be required by the Employer, in any subcontracts concluded between the Contractor and its Subcontractors
- (e) deliver to the Employer all drawings, specifications and other documents prepared by the Contractor or its Subcontractors as of the date of termination in connection with the Facilities.

36.2.4 The Employer may enter upon the Site, expel the Contractor, and complete the Facilities itself or by employing any third party. The Employer may, to the exclusion of any right of the Contractor over the same, take over and use with the payment of a fair rental rate to the Contractor, with all the maintenance costs to the account of the

Employer and with an indemnification by the Employer for all liability including damage or injury to persons arising out of the Employer's use of such equipment, any Contractor's Equipment owned by the Contractor and on the Site in connection with the Facilities for such reasonable period as the Employer considers expedient for the supply and installation of the Facilities.

Upon completion of the Facilities or at such earlier date as the Employer thinks appropriate, the Employer shall give notice to the Contractor that such Contractor's Equipment will be returned to the Contractor at or near the Site and shall return such Contractor's Equipment to the Contractor in accordance with such notice. The Contractor shall thereafter without delay and at its cost remove or arrange removal of the same from the Site.

36.2.5 Subject to GCC Sub-Clause 36.2.6, the Contractor shall be entitled to be paid the Contract Price attributable to the Facilities executed as of the date of termination, the value of any unused or partially used Plant and Equipment on the Site, and the costs, if any, incurred in protecting the Facilities and in leaving the Site in a clean and safe condition pursuant to paragraph (a) of GCC Sub-Clause 36.2.3. Any sums due to the Employer from the Contractor accruing prior to the date of termination shall be deducted from the amount to be paid to the Contractor under this Contract.

36.2.6 If the Employer completes the Facilities, the cost of completing the Facilities by the Employer shall be determined.

If the sum that the Contractor is entitled to be paid, pursuant to GCC Sub-Clause 36.2.5, plus the reasonable costs incurred by the Employer in completing the Facilities, exceeds the Contract Price or the entire Facilities if entire Facilities have been completed or the price for part of the Facilities if part of the Facilities have been completed, the Contractor shall be liable for such excess.

If such excess is greater than the sums due the Contractor under GCC Sub-Clause 36.2.5, the Contractor shall pay the balance to the Employer, and if such excess is less than the sums due the Contractor under GCC Sub-Clause 36.2.5, the Employer shall pay the balance to the Contractor. For facilitating such payment the Employer shall encash the Bank Guarantees of the Contractor available with the Employer and retain such other payments due to the Contractor under the Contract in question or any other Contract that the Employer may have with the Contractor.

The Employer and the Contractor shall agree, in writing, on the computation described above and the manner in which any sums shall be paid.

36.3 In this GCC Clause 36, the expression “Facilities executed” shall include all work executed, Installation Services provided, and all Plant and Equipment acquired (or subject to a legally binding obligation to purchase) by the Contractor and used or intended to be used for the purpose of the Facilities, up to and including the date of termination.

36.4 In this GCC Clause 36, in calculating any monies due from the Employer to the Contractor, account shall be taken of any sum previously paid by the Employer to the Contractor under the Contract, including any advance payment paid pursuant to the corresponding Appendix (Terms and Procedures of Payment) to the Contract Agreement.

### **37. Assignment**

37.1 Neither the Employer nor the Contractor shall, without the express prior written consent of the other party (which consent shall not be unreasonably withheld), assign to any third party the Contract or any part thereof, or any right, benefit, obligation or interest therein or thereunder.

## **I. Resolution of Disputes**

### **38. Settlement of Disputes**

38.1 If any dispute of any kind whatsoever shall arise between the Employer and the Contractor in connection with or arising out of the Contract, including without prejudice to the generality of the foregoing, any question regarding its existence, validity or termination, or the execution of the Facilities, whether during the progress of the Facilities or after their completion and whether before or after the termination, abandonment or breach of the Contract, the parties shall seek to resolve any such dispute or difference, to the extent possible, amicably by mutual consultation.

38.2 If the parties fail to resolve such a dispute or difference by mutual consultation at the execution site level, then the dispute shall be referred by the Contractor to the Project Manager, who, within a period of thirty (30) days after being requested by Contractor to do so, shall give written notice of his decision.

- 38.2.1 The decision/instruction of the Project Manager shall be deemed to have been accepted by the Contractor unless notified by the Contractor of his intention to refer the matter for Arbitration within thirty (30) days of such decision/instruction.
- 38.2.2 In the event the Project Manager fails to notify his decision as aforesaid within thirty (30) days, the Contractor, if he intends to go for Arbitration, shall notify his intention to the Project Manager within 30 days of expiry of the first mentioned period of thirty days failing which it shall be deemed that there are no dispute or difference between the Employer and the Contractor.
- 38.3 In case of dispute or difference between the Employer and the Contractor, if the Employer intends to go for Arbitration, he shall notify such intention to the Contractor.

### **39. Arbitration**

- 39.1 All disputes or differences in respect of which the decision, if any, of the Project Manager and/or the Head of the Implementing Authority has not become final or binding as aforesaid shall be settled by arbitration in the manner provided herein below:
- 39.2 The arbitration shall be conducted by a sole arbitrator in case the amount of claim is less than Rs. 25 Crore and by three member arbitral tribunal in case the amount of claim is greater than Rs. 25 Crore.

#### Sole Arbitration

The sole Arbitrator shall be chosen from a panel of empanelled Arbitrators maintained by POWERGRID. The same shall comprise of retired Judges and retired Senior executives of PSUs other than POWERGRID. Further, the choice of sole Arbitrator shall be governed by the amount of claim in the following manner:

Sl. no.	Claim amount	Work Experience/ Qualifications
1	< Rs. 10 Crore	Sole arbitrator-Retired Senior Executives of PSUs other than POWERGRID/Retired Distt Judges/ High Court Judges.
2	Rs.10 Crore- Rs.25 Crore	Sole arbitrator- Retired High Court/Supreme Court Judges



- (a) In case of invocation of arbitration by POWERGRID, POWERGRID shall, within 30 days, send a list of names of 3 arbitrators from its list/database of Arbitrators and the contractor shall within the period of further 30 days select any one person to act as "Sole Arbitrator", which will be confirmed by POWERGRID and matter will be referred to such appointed Arbitrator for further arbitration proceedings.
- (b) In case of invocation of arbitration by the Contractor, the Contractor shall request POWERGRID for its database of Arbitrators/ chose from the list of Arbitrators available on POWERGRID's website, and the contractor shall, within 30 days, select any one Arbitrator from the above to act as "Sole Arbitrator", which will be confirmed by POWERGRID within 30 days and matter will be referred to such appointed Arbitrator for further arbitration proceedings.

If the parties fail to appoint sole arbitrator within sixty (60) days after receipt of a notice from the other party invoking Arbitration, the appointment of sole arbitrator shall be done by Courts as per the provisions of Indian Arbitration and Conciliation Act, 1996 or any statutory modification thereof.

#### Three member arbitral tribunal

The arbitration shall be conducted by three arbitrators, who are retired High Court/Supreme Court Judges, one each to be nominated by the Contractor and the Employer and the third to be appointed by both the arbitrators in accordance with the Indian Arbitration & conciliation Act. If either of the parties fails to appoint its arbitrator within sixty (60) days after receipt of a notice from the other party invoking the Arbitration clause, the arbitrator appointed by the party invoking the arbitration clause shall become the sole arbitrator to conduct the arbitration. In case of failure of the two arbitrators appointed by the parties to reach upon a consensus regarding appointment of presiding Arbitrator, within a period of 30 days from the appointment of the arbitrator appointed subsequently, the presiding arbitrator shall be appointed by Courts as per the provisions of Arbitration & conciliation Act.

- 39.3 The cost of arbitral proceedings inter-alia including the Arbitrators' fee, logistics and any other charges shall be equally shared by both parties.

In case of Sole Arbitrator, the fees to be paid to the sole Arbitrator shall be as per the terms of empanelment in POWERGRID whereas

in case of the three member tribunal, the Arbitrator's fees shall be as agreed upon by the Arbitrators in line with the Arbitration & Conciliation Act. However, the expenses incurred by each party in connection with the preparation, presentation, etc. of its proceedings shall be borne by each party itself

- 39.4 The language of the arbitration proceedings and that of the documents and communications between the parties shall be English. The arbitration shall be conducted in accordance with the provisions of the Indian Arbitration and Conciliation Act, 1996 or any statutory modification thereof. The venue of arbitration shall be New Delhi.
- 39.5 The decision of the sole arbitrator/ the majority of the arbitrators, as the case may be, shall be final and binding upon the parties. In the event of any of the sole arbitrator/ any of the aforesaid arbitrators dying, neglecting, resigning or being unable to act for any reason, it will be lawful for the parties to nominate another sole arbitrator/ another arbitrator in place of the outgoing arbitrator.
- 39.6 During settlement of disputes and arbitration proceedings, both parties shall be obliged to carry out their respective obligations under the Contract.

*----- End of Section-IV (GCC) -----*