

## **ANNEXURE TO CONDITIONS OF CONTRACT FOR CIVIL WORKS**

The following terms and conditions shall form a part of the tender document. If any discrepancies found between below mentioned clauses and clauses in the Conditions of Contract for Civil Works, Doc.No.-TB-Civil-GCC, Rev-02, the clauses mentioned in this annexure shall prevail.

1. **Clause C-26.0 “escalation/ price variation”** under special condition of contract is now deleted and now this clause should be read as below.

- A. In order to take care of variation in the cost of execution of work, on either side, due to variation in the index of labour, diesel and cement used in the work, the following price variation formula shall be applicable.

The basis for calculation of price variation under each category, their component, base index/price and base date of accounting of index./price shall be as under :-

1. Sl.no.	2. Category	3. Component (K)	4. Base index/price	5. Base date
A)	Labour of all categories	30%	Consumer price index for industrial workers (general), applicable to "All India" as published by Labour Bureau, Shimla	Last date of submission of tender (with extended date, if any)
B)	Diesel Oil	5%	Price of HS diesel at pump of Indian Oil Corporation/BPCL/HPCL nearest to the project site.	-do-
C)	Cement	30%	Whole sale price index for cement published by Ministry of Commerce and Industry (www.eaindustry.nic.in)	-do-

Payment/recovery due to variation in index/prices shall be determined on the basis of the following national formula without any initial absorption, in respect of the identified components viz. Labour, cement and diesel.

$$A = K \times R \times \frac{(XN - X0)}{X0}$$

Where

A = Amount to be paid/covered due to variation in the Index for labour, cement and diesel prices.

K = Percentage component of labour, materials and Diesel as indicated in column no. 3 above.

R = Value of work done for the billing month.

XN = Revised index number for labour, cement and price

For diesel on the date subsequent to the base date as indicated in the column no. 5 of the above table (i.e. for the work bill month under consideration)

X0 = Index no. for labour, cement and price for diesel as

On the base date indicated in the column no. 5 of the above table.

The contractor shall produce necessary "price list" for diesel from nearest diesel oil dealer and "monthly bulletins" issued by Labour Bureau, Shimla and RBI bulletins for all commodities for application of price variation as required in the national formula mentioned above.

The contractor will be required to raise the bills for price variation on a monthly basis along with the running bills irrespective of the fact whether any increase/decrease in the consumer price index for labour, material (other than issued by BHEL) and price of diesel oil has taken place or not. In case if there is delay in publication of bulletins (final figure), the provisional value as published can be considered for payment/recovery on account of variation and the arrears shall be paid/recovered on getting the final values.

Price variation shall be applicable on the revised/enhanced rates (if any), but shall not be applicable for any extra work.

#### **B. VALIDITY PERIOD FOR PVC.**

The above PVC clause shall be applicable for the total period of contract plus accepted extended period, if any due to no fault of the contractor. Price variation during the entire extended period on contractor's account, if any, will be applied on the Index frozen for the month preceding start of such extended period attributable to the contractor.

The total quantum of price variation due to PVC shall not exceed **Five** percent (5%) of the contract price/awarded value of contract excluding extra item of the works (if any).

2. **Clause C-27.0 "Over run charges"** under special conditions of contract is now deleted. No overrun charges are payable under the contract.
3. **Clause C-35.0 "secured advance"** under special conditions of contract is now deleted. No advance on materials shall be payable under the contract.
4. **Clause C-29.7**, under special condition of contract is now deleted and now this clause should be read as below:
  - a. All taxes (except Service Tax including Educational Cess), WCT under VAT act, duties, charges etc for execution of the contract shall be borne by the contractor and shall not be payable extra. Any increase of the same at any stage during execution of the contract shall have to be borne by the contractor. Quoted price of the bidder shall be inclusive of all such requirements.
  - b. Service Tax (including Educational Cess) as legally leviable & payable by the contractor under the provisions of applicable law/ act shall be paid by BHEL as per contractor's bill. However, contractor shall have to submit proof of Service Tax deposited by them immediately after the deposit but not later than the next bill

submitted after the due date of deposit. The contractor shall furnish proof of Service Tax registration with Central Excise Division covering the services covered under this contract. Registration should also bear endorsement for the premises from where the billing shall be done by contractor on BHEL for this project. The contractor shall obtain prior approval of BHEL before billing the Service Tax amount.

- c. With introduction of CENVAT credit rules 2004 which came into force wef 10-09-04, Excise Duty paid on input goods including capital goods used for providing the output service & service tax paid on input service can be taken credit of against the Service Tax payable on output service. As such, while offering the rates, contractors may take into account benefit of above provisions as the cost of input to contractors will be cost net of Excise Duty & Service Tax and adjust their offer price accordingly to make it more competitive.
- d. As such, bidder's quoted rates shall be exclusive of Service Tax (including Educational Cess). Any changes in Service Tax rules (by Govt) shall be complied with.
- e. Vendor may have to opt for composition scheme applicable for execution of the contract vide notification no 32/2007, dated 22-06-07. For that, vendor shall obtain prior approval of BHEL before deposit of Service Tax to Service Tax Department.
- f. Contractor should be registered under State VAT Act of concerned state. They should produce their Registration No and copy of Registration Certificate as proof of registration and contractor shall produce proof of payment of VAT so that BHEL as main contractor can get the benefit of deduction of input credit from the contractual transfer price under VAT Act of concerned state. Contractors should produce Tax Invoice, copy of tax paid challan, copy of returns of the bidder showing BHEL portion of job value separately and other necessary documents to BHEL as required under VAT Act/ Rules so that BHEL can avail input credit under VAT Act.

## **5. OVER ALL PRICE VARIATION-**

The individual quantity can vary to any extent or may be deleted for which no compensation will be payable to the contractor and the rates will remain firm. Also the rate of each item remains firm as long as the variation in the total value of work executed under the contract including extra items if any remains within plus/minus 30 percent of the contract value. In case the actual value of executed work including extra work on completion of work becomes less than 70% of the basic/original contract value than the following method shall be adopted.

The actual executed value shall be raised by 7 % (For arriving at the final payment against work executed ) subject to the condition that total value of work executed plus increase by 7% as above shall be limited to 70% of the basic/original contract value. The rate quoted shall be firm irrespective of any upward variation in the contract price.

It is further clarified that the enhancement/rate revision on the basic rate as per PVC clause shall not be accounted for the purpose of operating this clause.

- 6. All other terms and conditions of tender shall remain unchanged.