

PRICE & PAYMENTS

1.0	Method of Payment
	<p>The progress of work:</p> <p><u>OHE modification in existing OHE and other allied TRD work in connection with extension of platform & developing station as terminus station at Vishwamitri , connecting dead ends of Ranoli-Bajwa and providing starter signal at Vadodara station for dispatch of trains to Vadodara , Ahemdabad & Godhra</u></p> <p>as specified in schedule of work to release on account payment demanded by the contractor if any.</p>

1.1	Terms of Payment								
	<p>The terms of payment shall be as under and subject to certification of the work to satisfaction of the Engineer-</p> <table border="1"> <tr> <td>a</td><td>80% of prices of supply of materials on receipt and acceptance of material at site.</td></tr> <tr> <td>b</td><td>90% of prices of erection and 10% of prices of supply after successful erection of equipment/material.</td></tr> <tr> <td>c</td><td>Balance 10% of supply & 10% of erection cost after completion and commissioning of entire work.</td></tr> <tr> <td>d</td><td>The Item with combined supply and erection its 90% payment will be made after erection of the material.</td></tr> </table> <p>Note: All items unless specifically mentioned as to be paid for supply shall be deemed to have been complete item of supply and accordingly the progressive payment shall be made for each item 90% on erection & 10% on testing, commissioning and completion of work as the case may be. Till the successful testing & commissioning all payment made shall be progressive and 'on account' payment.</p>	a	80% of prices of supply of materials on receipt and acceptance of material at site.	b	90% of prices of erection and 10% of prices of supply after successful erection of equipment/material.	c	Balance 10% of supply & 10% of erection cost after completion and commissioning of entire work.	d	The Item with combined supply and erection its 90% payment will be made after erection of the material.
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1.2	Manner of Payment
	Unless otherwise specified payments to the Contractor will be transferred electronically to his bank account.

1.3	Certification
	The terms of payment shall be as under and subject to certification of the work to satisfaction of the Engineer-

3.0 Inclusion of 'Letter of Credit' as Mode of Payment in Works Tenders –
(Authority- Railway Board letter No. 2018/CE-I/CT/9, Dated – 04/06/2018).

i	For all the tenders having advertised cost of Rs 10 lakh or above, the contractor shall have the option to take payment from Railways through a letter of credit (LC) arrangement												
ii	This option of taking payment through LC arrangement has to be exercised in IREPS (Indian Railway Electronic Procurement System - the e-application on which tenders are called by Railways) by the tenderer at the time of bidding itself, and the tenderer shall affirm having read over and agreed to the terms and conditions of the LC option.												
iii	The option so exercised, shall be an integral part of the bidder's offer.												
iv	The above option of taking payment through LC arrangement, once exercised by tenderer at the time of bidding, shall be final and no change shall be permitted, thereafter, during execution of contract												
v	<p>In case tenderer opts for payment through LC, following shall be the procedure to deal release of payment through LC:</p> <table> <tr> <td>a</td><td>The LC shall be a sight LC</td></tr> <tr> <td>b</td><td>The contractor shall select his Advising/Negotiating bank for LC. The incidental cost towards issue of LC and its operation thereof shall be borne by the contractor</td></tr> <tr> <td>c</td><td>SBI, New Delhi, Main Branch will be the nodal branch for issue of LCs based on online requests received from Railway Accounts Units for tenders opened in financial year 2018-19. SBI branches where the respective Railway Accounts Office has its Account (local SBI branch) will be the issuance/reimbursing branch for LC issued under this arrangement. The Bank shall remain same for this tender till completion of contract. The incidental cost @0.15% per annum of LC value, towards issue of LC and operation thereof shall be borne by the contractor and shall be recovered from his bills.</td></tr> <tr> <td>d</td><td>The LC shall be opened initially for duration of 180 to 365 days in consultation with contractor. The LC shall be extended time to time as per the progress of the contract, on the request of the contractor. The value of LC to be opened initially as well as extended thereafter shall be finalised by the engineer in consultation with the contractor on the basis of expected progress of work</td></tr> <tr> <td>e</td><td>The LC terms and conditions shall inter-alia indemnify and save harmless the Railway from and against all losses, claims and demands of every nature and description brought or recovered against the Railways by reason of any act or omission of the contractor, his agents or employees, in relation to the Letter of Credit (LC). All sums payable/borne by Railways on this account shall be considered as reasonable compensation and paid by contractor.</td></tr> <tr> <td>f</td><td>The LC terms and conditions shall inter-alia provide that Railways will issue a Document of Authorization (format enclosed as Annexure-2) after passing the bill for completed work, to enable contractor to claim the authorized amount from their bank</td></tr> </table>	a	The LC shall be a sight LC	b	The contractor shall select his Advising/Negotiating bank for LC. The incidental cost towards issue of LC and its operation thereof shall be borne by the contractor	c	SBI, New Delhi, Main Branch will be the nodal branch for issue of LCs based on online requests received from Railway Accounts Units for tenders opened in financial year 2018-19. SBI branches where the respective Railway Accounts Office has its Account (local SBI branch) will be the issuance/reimbursing branch for LC issued under this arrangement. The Bank shall remain same for this tender till completion of contract. The incidental cost @0.15% per annum of LC value, towards issue of LC and operation thereof shall be borne by the contractor and shall be recovered from his bills.	d	The LC shall be opened initially for duration of 180 to 365 days in consultation with contractor. The LC shall be extended time to time as per the progress of the contract, on the request of the contractor. The value of LC to be opened initially as well as extended thereafter shall be finalised by the engineer in consultation with the contractor on the basis of expected progress of work	e	The LC terms and conditions shall inter-alia indemnify and save harmless the Railway from and against all losses, claims and demands of every nature and description brought or recovered against the Railways by reason of any act or omission of the contractor, his agents or employees, in relation to the Letter of Credit (LC). All sums payable/borne by Railways on this account shall be considered as reasonable compensation and paid by contractor.	f	The LC terms and conditions shall inter-alia provide that Railways will issue a Document of Authorization (format enclosed as Annexure-2) after passing the bill for completed work, to enable contractor to claim the authorized amount from their bank
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	g	The acceptable, agreed upon document for payments to be released under the LC shall be the Document of Authorization
	h	The Document of Authorization shall be issued by Railway Accounts Office against each bill passed by Railways.
	i	On issuance of Document of Authorization, a copy of Document of Authorization shall be posted on IREPS for download by the contractor. A digitally signed copy of Document of Authorization shall also be sent by Railway Accounts Office to Railway's bank (Local SBI Branch).
	j	The contractor shall take print out of the Document of Authorization available on IREPS and present his claim to his bank (advising Bank) for necessary payments as per LC terms and conditions. The claim shall comprise of copy of Document of Authorization, Bill of Exchange and Bill.
	k	The payment against LC shall be subject to verification from Railway's Bank (Local SBI Branch).
	l	The contractor's bank (advising bank) shall submit the documents to the Railway's Bank (Local SBI Branch),
	m	The railway's bank (issuing bank) shall, after verifying the claim so received w.r.t. the digitally signed Document of Authorization received from Railway Accounts Office, release the payment to contractor's bank (advising bank) for crediting the same to contractor's account.
	n	Any number of bills can be dealt within one LC, provided the sum total of payments to contractor is within the amount for which LC has been opened
	o	The LC shall be closed after the release of final payment including PVC amount, if any, to the contractor
	p	The release of performance guarantee or security deposit shall be dealt directly by railway with the contractor i.e., not through LC

4.0 Quantity Variation

The procedure shall be adopted for dealing with variation in quantity during execution of work contracts as per is outlined below (modified as per MODEL SCHEDULE OF POWERS 2018):

1	Individual NS items in contracts shall be operated within variation upto plus or minus 25% and payment would have made as per the agreement rate. For this no finance concurrence would be required.
2	For the tenders accepted at the Zonal Railways level, the variation in quantities will be approved by the authority in whose current tender acceptance powers, the revised value of the agreement lies.
3	<p>In case an increase in quantity of an individual item by more than 25% of the agreement quantity is considered unavoidable, the same shall be got executed by floating a fresh tender. If floating a fresh tender for operating that item is considered not practicable, quantity of that item may be operated in excess of 125% of the agreement quantity (100% i.e., the original quantity + 25% i.e., quantity over and above the original quantity) subject to the following conditions:</p> <p>a. Since there is an in-built rate reduction Clause of 2% & 4% for variation between 125% & 140% & between 140% and 150% respectively on the accepted rates it will only require the prior approval of the Tender Accepting Authority (TAA) who is an officer not below the rank of JAG without finance concurrence subject to other conditions mentioned in Clause 42(4) of GCC 2014.</p> <p>b. However, a Supplementary Agreement/Addendum to original Agreement should be drawn subsequent to sanction of the variation by an officer not below the rank of JAG, which needs to be vetted by Associate Finance.</p> <p>c. Quantities operated in excess of 125% but up to 140% of the agreement quantity of the concerned item, shall be paid at 98% of the rate awarded for that item in that particular tender.</p> <p>d. Quantities operated in excess of 140% but up to 150% of the agreement quantity of the concerned item shall be paid at 96% of the rate awarded for that item in that particular tender.</p>
4	Variation in quantities of individual items beyond 150% will be prohibited and would be permitted only in exceptional unavoidable circumstances with the concurrence of Associate Finance and shall be paid at 96% of the rate awarded for that item in that particular tender.
5	The variation in quantities as per the above formula will apply only to the individual items of the contract and not on the overall contract value.
6	Execution of quantities beyond 150% of the overall agreement value should not be permitted and, if found necessary, should be only through fresh tenders or by negotiating with the existing contractor, with personal concurrence of PFA and personal sanction of General Manager.
7	The limit for varying quantities for minor value items shall be 100% (as against 25% prescribed for other items). A minor value item for this purpose is defined as an item whose original agreement value is less than 1% of the total original agreement value.
8	No such quantity variation limit shall apply for foundation items.
9	As far as SSR/SOR items are concerned, the limit of 25% would apply to the value of SSR/SOR schedule as a whole and not on individual SSR/SOR items. However, in case of NS items, the limit of 25% would apply on the individual items irrespective of the manner of quoting the rate (single percentage rate or individual item rate).
10	For tenders accepted by Board Members and Railway Ministers, variations up to 110% of the original agreement value may be accepted by General Manager.
11	The aspect of Vitiating if any, shall be governed as per Railway Board's

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	Transformation Cell Letter no 2017/Trans 01/policy dated 08.02.2018.
12	In zonal contracts, the variation in the contract should not exceed 25% of the contract value
13	Overall agreemental Value, arrived at by adding the positive variation and subtracting the negative variation from the accepted value of the contract, shall be taken for deciding the competency of sanction. (Authority: RB Ltr no 2017/Trans/01/Policy dated 27-03-2018)
14	The estimate provision/ preparation of revised estimate shall be ensured. The extant rules for excess over estimate, if any, due to escalation/ other than escalation, shall be followed.
15	(a)The contract signing authority can decrease the items up to 25% of individual items without finance concurrence. (b) For decrease beyond 25% for individual items or 25% of contract agreement value, the approval of an officer not less than rank of SA Grade may be taken, after obtaining 'No Claim Certificate' from the contractor and with finance concurrence, giving detailed reasons for each such decrease in the quantities. (c) It should be certified that the quantities proposed to be reduced will not be required in the same work at a later stage.

LCDA No. (18 DIGIT IPAS GENERATED NO.)

Dated:

DOCUMENT OF AUTHORIZATION

Reference: (i) Works Contract/ Supply Contract No.Dated.....
(ii) Inland Letter of Credit No.Dated.....

This document is issued against contract No.— (FROM IREPS)..... dated for supply/ work of ...
(DESCRIPTION OF GOODS/ WORK FROM IREPS)

The beneficiary of the aforementioned Letter of Credit M/s(NAME AND VENDOR CODE)
..... (Vendor Code.....as per IRPES.....) is entitled to receive payment, aggregating INR.:.....
SS\$...... (FROM ABSTRACT OF BILL PASSED).....,
out of a total LC amount of INR.....(FROM MASTER TABLE OF LC OPENED)
..... against the first/second* commercial Invoice No.(FROM IPAS).....
Dated FROM IPAS for INR(FROM IPAS).....raised against the
Above contract from State Bank of India..... (branch-FROM LC MASTER TABLE) on
the strength, of this Certificate

The details of payments already made to the beneficiary under this Letter of Credit are as follows:

S.No.	Invoice No.	Invoice date	Invoice Amount (INR)	LCDA No.	LCDA date	Amount paid (INR)
Total Paid						

THIS PAYMENT : - \$\$\$
LC BALANCE AFTER THIS PAYMENT : -----

(Signature of authorized Railway authority)

Name
Designation.....
Official Seal

PROFORMA OF PERFORMANCE GUARANTEE BOND

Name of the Bank
President of India
Acting through Sr.DFM/Western Railway

Bank Guarantee Bond No.:

Date:

In consideration of the President of India acting through (Designation & address of Contract signing Authority). Western Railway, (herein after called "The Government") having agreed under the terms and conditions of agreement/Contract Acceptance letter No. dated: made between (Designation & address of Contract Signing Authority) and (here in after called "the said contractor(s)" for the work-----
----- (here in after called "the said agreement") having agreed for submission of an irrevocable Bank Guarantee Bond for Rs. (Rsonly) as a performance security Guarantee Bond from the contractor (s) for compliance of his obligations in accordance of his obligations in accordance with the terms & conditions in the said agreement.

- 1) We------(indicate the name of the Bank) hereinafter referred to as the Bank, undertake to pay the Government an amount not exceeding Rs-----
(Rs..... only)on demand by the Government.
- 2) We------(indicate the name of the bank, further agree that (and promise) to pay the amounts due and payable under this guarantee without any demur merely on a demand from the Government through the Sr.DFM/...../Western Railway, stating that the amount claimed is due by way of loss or damage caused to or would be caused or suffered by the Government by reason of any breach by the said contractor of any of the terms of conditions contained in the said agreement or by reason of the contractor failure to perform the said agreement. Any such demand made on the Bank shall be conclusive as regards the amount due and payable by the Bank under this guarantee. However, our liability under this guarantee shall be restricted to an amount not exceeding Rs -----
(Rs..... Only).
- 3)a We ------(indicate the name of Bank) further undertake to pay to the Government any money so demanded notwithstanding any dispute or dispute raised by the contractor(s) in any suite or proceeding pending before any court or Tribunal relating to liability under this present being absolute and unequivocal.
- 3)b The payment so made by us under this bond shall be valid discharge of our liability for payment there under and the contractor(s), shall have no claim against us for making such payment.

- 4) We (indicate the name of bank) to further agree that the guarantee herein contained shall remain in full force and effect during the period that would be taken for the performance of the said agreement and that it shall continue to be enforceable till all the dues of the Government under or by virtue of the said agreement have been fully paid and its claims satisfied or discharged by (Designation & Address of contract signing authority) on behalf of the Government. Certify that the terms and conditions of the said agreement have been fully and properly carried out by the said contractor(s) and accordingly discharges this guarantee.
- 5)a Notwithstanding anything to the contrary contained herein the liability of the bank under this guarantee will remain in force and effect until such time as this guarantee is discharged in writing by the Government or until (date of validity/extended validity) whichever is earlier and no claim shall be valid under this guarantee unless notice in writing thereof is given by the Government within validity/extended period of validity of guarantee for the date aforesaid.
- 5)b Provided always that we (indicate the name of the bank) unconditionally undertakes to renew this guarantee on to extend the period of guarantee form year to year before the expiry of the period or the extended period of the guarantee, as the case may be on being called upon to do so by the Government. If the guarantee is not renewed or the period extended on demand, we (indicate the name of the bank) shall pay the Government the full amount of guarantee on demand and without demur.
- 6) We,------(indicate the name of Bank) further agree with the Government that the Government shall have the fullest liberty without our consent and without effecting in any manner out of obligations hereunder to vary any of the terms and conditions of the said contract from time to time or to postpone for any time or from time to time any to the powers exercisable by the Government against the said contract (s) and to forbear or enforce any of the terms and conditions of the said agreement and we shall not be relieved from our liability by reason of any such variation, or extension being granted to the said contractor(s) or for any bearance act or omission on the part of the Government or any indulgence by the Government to the said contractor(s) or by any such matter or thing whatsoever which under the law relating to sureties for the said reservation would relive us from the liability.
- 7) This guarantee will not be discharged by any change in the constitution of the Bank or the Contractor(s).
- 8) We (indicate the name of the Bank) lastly undertake not to revoke this guarantee except with the previous consent of the Government in writing.

- 9) This guarantee shall be valid upto (date of Completion plus 90 days). Unless extended on demand by Government. Notwithstanding anything to the contrary contained hereinbefore, our liability under this guarantee is restricted to Rs----- (Rs-----only) unless a demand under this guarantee is made on us in writing on or before-----, we shall be discharged from our liabilities under this guarantee thereafter.

Dated: the day of for
(indicate the name of bank)

Signature of Banks Authorized official

(Name)
Designation with Code No -----
Full Address -----

Witness 1:
Signature
Name
(In Capital)
Address

Witness 2:
Signature
Name
(In Capital)
Address

Signature
Name & Designation
(In Capital)
Address
Date