

3.5 Terms Related to Tender

Documents - Contract conditions

It is a contract deed between the Contractor and Government.

Executive Engineer is authorised to sign on behalf of Governor of the State. He is responsible for correct preparation and execution of agreement.

The conditions specify mainly the following clauses -

1. Amount of security deposit.
2. Compensation of delay.
3. Extension of time
4. Completion certificate
5. Monthly bill
6. Payment of bill
7. Execution of work in accordance with drawing and specifications
8. Labour
9. Arbitration
10. Supervision of higher officer
Etc.



Time Limit -

Under this subhead probable time for the completion of work is given from the date of commencement.

Time Extension -

For ~~this~~ ^{time} extension contractor has to submit an application to Executive Engineer giving all the particulars and reasons for delay, before one week of expiry of the time limit. The Executive Engineer considers the request and verifies the reasons given and may grant an extension on reasonable grounds.

Penalty - Penalty is a sort of fine for non-fulfilment of terms of contract. Every contract usually contains certain provisions for penalty for breach of terms and conditions of contract as for not maintaining the progress, for delay in completion, for bad work, etc. The penalty may be fixed sum per day, or a certain percentage of the estimated cost up to 10%; etc.

—————
—————

P. 90

276

Defective Material and Workmanship

- While executing the const. work:
- If any work is found to be completed with defective material and imperfect or unskilled workmanship, Contractor is liable to remove these defects in work at own expenses.
 - If the contractor fails to do this or to recover defect within a specified period as decided by engineer in charge has to pay compensation or penalty about 01 to 10 % per day of the amount of estimate.
 - If the contractor fails to recover the defective material, it may be done by inviting another contractor by engineer in charge at the cost and risk of previous contractor.

Termination of Contract

A contractor may be brought to an end in number of ways including the following -

1. When contractor fails to complete the work within stipulated date.

P.T.O

2. If the contractor does not fulfill the terms and conditions of contract as it leaves the work, if he does not maintain progress, if he does not observe the rules etc.
3. If the contractor sublets his contract without the written permission of department.
4. Mutual agreement between the parties to terminate the contract.
5. The contract agreement may be canceled or rescinded and all of his security money be confiscated (lost) or penalty upto the extent of 10% of the estimated cost may be imposed on the contractor.

Suspension of work —

If the contractor is not fulfilling ~~the requirements~~ the requirements according to drawings and specifications during execution of work, the work can be suspended and contractor is informed in writing about the suspension of work. To carry out this work new tenders are invited.

Subletting of Contract

It means letting by the main contractor to another when he himself has contracts to perform.

Subletting or transfer of work is generally not advisable. However, there are circumstances when it is desirable and beneficial for the owner to allow subletting. Such circumstances or situations are as follows —

- (a) Subletting part of work to a specialized firm.
- (b) Sickness of contractor
- (c) Death of some of his key personnel.
- (d) Financial difficulties faced by contractor

Extra Items — These are the items for which rates are not covered under the agreement but are to be carried out by the contractor for satisfactory completion of work.

Extra items occur due to unforeseen happening at the site, changes in the drawing design and specifications and addition, alterations suggested during execution. An extra is paid at the rate included in schedule of rates.

Arbitration —

- A process of settling the dispute between ~~contractor~~ or department (owner) and contractor is called as arbitration and the person who settles such dispute is called arbitrator.
- If any disputes arises, the injured party will serve a notice to the other party demanding arbitration, within 30 days after the dispute arises.
- Arbitrator will fix up date and timing for hearing the case.
- After hearing the case in detail he will give his award which is final and binding on both parties.
- In certain special disputes, he is at liberty to refer it to court of law for its opinion in the matter.

The cost of the proceeding arbitration fees are to be shared by both the parties equally as agreed upon earlier

According to conditions of contract, the contractor is supposed to remedy all the defects due to faulty material and bad workmanship which shall appear and pointed out to him within one year from the date of completion of the work. This period of one year is known as 'Defect Liability Period'.

The Engineer in charge should assess the defects which may be due to —

- (i) Faulty planning and designing for which the contractor is not responsible.
- (ii) Faulty execution of the work for which the contractor is not responsible.
- (iii) The contractor is responsible for the use of inferior materials and bad workmanship.

If any defect is noticed during the defect liability period, immediately the contractor should be asked to rectify the same. If the contractor fails to attend the same, then the department will get it rectified through other piece worker or departmentally and recover the cost from contractor's security deposit.

Liquidated Damages -

- Liquidated damage is an amount of compensation payable to the department by a contractor due to delay in construction.
- In the event of delay cause due to contractor in completing the work within the stipulated (foretime) time, a fine or penalty is imposed on the contractor for each day of delay after the specified time limit is over. This penalty is usually Rs 50 to Rs 100/- for each day of delay. ~~This~~ ~~delay~~ This penalty is known as liquidated damages.

Unliquidated Damages -

- This is known as ordinary damages having relationship with the actual damage done.
- It will increase or decrease according to increase or decrease in the damage. For the non completion of the work within due date of completion, or for not maintaining progress as per condition of contract.