

**HIMACHAL PRADESH ROAD & OTHER
INFRASTRUCTURE DEVELOPMENT
CORPORATION LIMITED
(HPRIDC)**

OPERATIONS MANUAL

March, 2007

OPERATIONS MANUAL

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LIST OF ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
AE	Assistant Engineer
APIO	Assistant Public Information Officer
AS	Accounting Standards
BBD	Benkelman Beam Deflection
BG	Bank Guarantee
BOD	Board of Directors
BOQ	Bill of Quantities
CA	Chartered Accountant
CAG	Comptroller and Auditor General
CD	Cross Drainage
C-DAC	Centre for Development of Advance Computing
CE	Chief Engineer
CE-cum-PD	Chief Engineer-cum-Project Director
CEO	Chief Executive Officer
CF	Conservator of Forest
CIC	Chief Information Commissioner
CIF	Cost Insurance and Freight to Port of Destination
CIP	Cost Insurance and Place of Destination
CMUs	Construction Management Units
COI	Corridor of Impact
CPF	Contributory Provident Fund
CPRs	Common Property Resources
CVC	Chief Vigilance Commissioner
DC	Direct Contracting
DGS&D	Director General of Supplies and Disposals
DLC	District Level Committee
DRB	Dispute Resolution Board
DRE	Dispute Resolution Expert
DPRs	Detailed Project Reports
EE	Executive Engineer
EIA	Environmental Impact Assessment
E-in-C	Engineer-in-Chief
EMC	Environmental Management Cell
EMP	Environmental Management Plan
EMS	Environment Management Systems
EOIs	Expression of Interests
EP& PCB	Environment Protection and Pollution Control Board
EPC	Engineering Procurement Consultancy
ER	Engineer's Representative

EXW	Ex-Works, X-Factory off the Shelf
FC Act	Forest Conservation Act
FIDIC	Federation Internationale des Ingenieurs Counseils (The International Federation of Consulting Engineers)
FMM	Financial Management Manual
FMRs	Financial Monitoring Reports
FS	Feasibility Study
FSR	Feasibility Study Report
GAD	General Arrangement Drawing
GIS	Geographical Information System
GJE	Graduate Junior Engineer
GM	General Manager
GOHP	Government of Himachal Pradesh
GOI	Government of India
GPN	General Procurement Notice
GRC	Grievance Redressal Committee
HO	Head Office
HPPWD	Himachal Pradesh Public Works Department
HPRIDC	Himachal Pradesh Road & Other Infrastructure Development Corporation Limited
HPSEB	Himachal Pradesh State Electricity Board
HQ	Headquarters
I&PH	Irrigation and Public Health
ICAI	Institute of Chartered Accountants of India
ICB	International Competitive Bidding
ICT	Information and Communications Technology
IEE	Initial Environmental Examination
IFB	Invitations For Bid
IO	Information Officer
IPC	Interim Payment Certificate
IRC	Indian Roads Congress
IRI	International Roughness Index
ITB	Instructions to Bidders
JV	Joint Venture
JBIC	Japanese Bank of International Co-operation
LAO	Land Acquisition Officer
LD	Liquidated Damages
MD	Managing Director
MIS	Management Information System
MOEF	Ministry of Environment and Forestry
MOSRTH	Ministry of Shipping, Road Transport and Highways

MOU	Memorandum of Understanding
NCB	National Competitive Bidding
NGO	Non Governmental Organisation
NH	National Highway
NHAI	National Highway Authority of India
NITs	Notice Inviting Tenders
NS	National Shopping
OHP	Over Head Projector
OM	Operations Manual
OMMAS	Online Management, Monitoring and Accounting System
OPC	Optical Fibre Cable
PAP	Project Affected Persons
PCC	Project Coordination Consultancy
PCI	Pavement Condition Index
PERT	Project Evaluation and Review Technique
PIO	Public Information Officer
PIU	Project Implementation Unit
PMC	Project Management Consultant
PMGSY	Pradhan Mantri Gram Sadak Yojana
POL	Petrol, Oil and Lubricants
PPF	Public Provident Fund
PQ	Pre Qualifications
QAM	Quality Assurance Manual
QAP	Quality Assurance Plan
QC	Quality Control
QMP	Quality Management Plan
R&R	Resettlement and Rehabilitation
RAP	Resettlement Action Plan
RBI	Reserve Bank of India
RE	Resident Engineer
HPRIDC	Road & Other Infrastructure Development Corporation Limited
RIS	Road Information System
ROBs	Road Over Bridges
ROW	Right of Way
RRO	Resettlement and Rehabilitation Officer
RTI	Right To Information
RUBs	Road Under Bridges
SDO	Social Development Officer
SPN	Special Procurement Notice
SE(P&D)	Superintending Engineer (Planning & Design)
TA	Travelling Allowance

TDS	Tax Deducted at Source
TOR	Terms of Reference
UNDB	United Nations Development Bank
VgO	Vigilance Officer
VO	Variation Order

CHAPTER 1 - OBJECTIVES

1. OBJECTIVES

The Himachal Pradesh Road and other Infrastructure Development Corporation Ltd., a wholly owned Company of Government of Himachal Pradesh, was incorporated on 10.06.1999 under the Companies Act 1956 with the following main objectives:-

- (i) Development of road infrastructure or any other structural or architectural work on PPP mode or on any other scheme in any manner.
- (ii) To facilitate and/or undertake other infrastructure projects.
- (iii) To act as a Special Purpose Vehicle (SPV) for resource mobilisation on behalf of State Government for all infrastructure projects.

1.1 Organisational Policy

HPRIDC is constituted as a body corporate. It is mandated to act on business principles in the discharge of its functions. In the light of the mandate of transforming HPRIDC from a project implementing Agency to functional Road Agency, the organisation in discharge of its functions, is bound to adopt (a) modern business processes in planning, budgeting, management functions and establishing a stable funding mechanism for core road network (b) ICT planning, management and support functions and (c) enhanced human resource development and increased organisational efficiency.

1.2 Road Sector Strategy

In a hill State like Himachal, roads are key infrastructure for economic and social development. In order to stimulate growth on sustainable basis, acceleration of hydro-power generation, diversification of agriculture, promotion of investment in industry and tourism have been identified as key sectors. In absence of rail and air links and a limited potential of development of these sectors in future, an efficient and reliable road network is necessary to achieve growth in these identified key sectors. The State has currently a network of about 28000 Kms. road length comprising of about 2000 Kms. of National Highways and border roads financed by Government of India, about 4000 Kms. of core roads comprising of State Highways and MDR and the balance being the rural roads. However, the quality and extent of network is currently inadequate and needs to be augmented.

The National Highways and Border Roads network is being adequately financed by Government of India for maintenance and upgradation. The connectivity to unconnected habitations, for providing access to services and markets, remains utmost priority of the State and is being adequately financed by the State Government through its own resources, through NABARD resources and under the Government of India programme of Pradhan Mantri Gram Sadak Yojna. However, the core network of State Highways and MDR comprising of about 4000 Kms. which serves as the links between Rural Roads and National Highways, require substantial investment for upgradation and up keep and the resources to the desired level are not being deployed due to other priorities. Accordingly, the Government of Himachal Pradesh have decided to tie up resources from external funding agencies, through Govt. of India programmes and under PPP mode to address the quality and capacity enhancing of the core network. Currently, a project with approximate size of Rs.1350.00 crores, mainly comprising of World Bank assistance of about Rs.1000.00 crores is proposed and project preparation is in advanced stage and World Bank sanction is likely to be received in early near future.

The State Government has decided to implement this project through HPRIDC keeping in view the advantage that corporate body offers vis-a-vis the Government Department and accordingly the project preparation and implementation of World Bank State Road Project has been entrusted to HPRIDC.

1.3 Role of HPRIDC in Project Preparation and Implementation of State Roads Project and Management of Highways within the State

The Role of HPRIDC in Project Preparation and Implementation of State Roads Project with World Bank Assistance and its long term role in management of Highways within the State after careful consideration at the Government level has been decided as under (Extract of the Government letter No. PBW (B&R) (WB) 3(6)9/2005-I dated 27th November, 2006 reproduced below).

1. In the first stage, HPRIDC will function as a convenient temporary accounting mechanism and decision making structure with the PWD being the real implementing agency for implementation of the proposed State Roads Project. All the financial matters will be dealt in HPRIDC.

2. In the second stage, the Headquarter Project Implementation Unit (PIU) carved out for this Project under Chief Engineer-cum-Project Director may prepare and implement this Project with dedicated Construction Management Units (CMUs). No PWD assets would need to be entrusted to the agency. However, the HQ PIU and CMUs would strive for ISO: 9001 Certifications.

3. In the long run RIDC should become a network manager of 2000 kms. of State Highways and 1250 km of National Highways, which the Government of HP will entrust to the RIDC from time to time. This will necessitate the clubbing of management of State Highways and National Highways and transfer their management to HPRIDC. The existing staff of NH and some additional staff of PWD would be transferred to HPRIDC for this purpose.

As a sequel to the above role assigned to HPRIDC it has already crossed Stage 1 and entered Stage 2.

1.4 Entrustment of State Highways/Major District Roads

The Government has decided to entrust to the HPRIDC all those upgrading works, which shall be taken up under the State Roads Project. Those roads shall be entrusted to the HPRIDC upon completion of works. There will be a gradual transition of entrustment of other core roads (including NHs) which are not taken up under the Project. For this purpose the Memorandum of Articles of Association of HPRIDC shall be amended accordingly.

1.5 Purpose and Need for the Operations Manual

The Indian Roads Congress (IRC) has brought out a number of Specifications and Special Publications which provides technical guidance on various aspects of National Highways and State Highways development. The external aided and other domestic funded projects will be implemented by HPRIDC, which is a Limited Corporation established under Companies Act. 1860. This Manual will bring about clarity on various aspects of the road projects to be undertaken by the Corporation, ensuring their timely and successful implementation besides providing the project staff detailed procedures to be followed. The contents of this Manual will be reviewed from time to time and revised, if necessary, according to the experiences gained during implementation. However, any amendment to the OM shall follow the procedure defined in Section 1.6 below. Adoption of this manual will be mandatory on the part of the all units of HPRIDC including HPPWD Field Units as may be entrusted to HPRIDC, as well as those which shall be set-up from time to time. Operations Manual will be web based and printed copy of this manual will

only be made available if necessary. Manual of the HPPWD shall be used in the absence of requisite provisions in the OM.

The provisions of this Operations Manual (OM) are applicable to all the activities financed with the assistance of the World Bank, Asian Development Bank or any other external as well as domestic funding agency. The provisions of this OM, as amended from time to time and as agreed between the GoHP and the Lending Agency (in accordance with paragraph 1.6 below), are to be applied by the HPRIDC and HPPWD and concerned project implementing units, hereafter referred to as "implementing " or "executing agencies", that will receive financing. The OM contains requirements necessary to:

(i) meet the provisions of the World/Asian Development Bank's fiduciary, safeguard and other policies; and

(ii) introduce the concept of a total management approach.

This Operations Manual shall come into operation immediately on its approval by HPRIDC and followed by the approval of the Government of Himachal Pradesh.

1.6 Changes to the Operations Manual

Any proposed amendment to the OM, to be effective, shall require concurrence of the Government before approval by the Board. The HPRIDC shall inform the external funding agency of any changes proposed to be made to the Operational Manual and relevant to the projects funded by that agency, (i) at least 30 days before issuing the change for any substantive revision and (ii) within 15 days of issuing the change for any other revision. Such changes shall take effect only upon written agreement of the respective agency.

CHAPTER 2 - STAFFING

2. STAFFING

2.1 Organisational Set up

The Corporation will function under the Board of Directors within the over all directions and policy of the State Government, as it is wholly owned by the State Government. Presently, the Secretary (PWD) is the Director on the Board of Directors and is also ex-officio Managing Director.

The Project has 3 wings, each directly under the control of the Managing Director i.e. Planning & Policy Wing, Project Wing and Financial Wing. The organisation chart with respect to implementation of road infrastructure project, particularly World Bank State Roads Project is at Table-A.

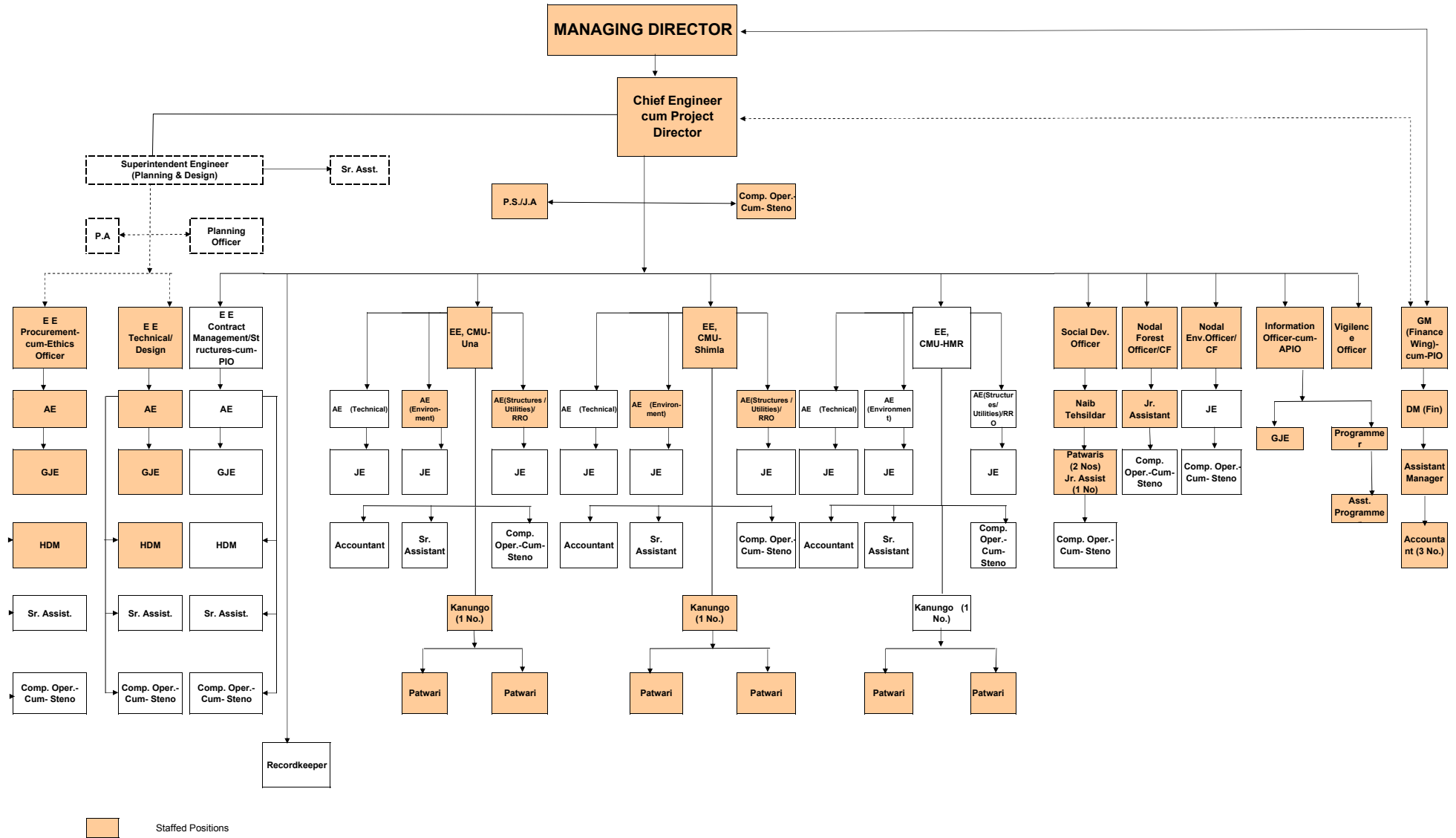
2.2 Project Implementing Unit (PIU)

The role of Head Quarter Project Implementation Unit (PIU) will be to ensure that the project is effectively developed and implemented. Head Quarter PIU will be headed by a Chief Engineer-cum-Project Director (CE-cum-PD), who shall be an officer of the rank of the Chief Engineer-cum-Project Director (CE-cum-PD). He will be assisted full time by one Superintending Engineer (Planning & Design) and three Executive Engineers (EEs), three Assistant Engineers (AEs), four Graduate and one diploma Junior Engineers to look after planning/overall coordination, procurement, technical/designs, contract management/structures/utilities besides full time revenue officer as Social Development Officer (SDO) with revenue officials (one Naib Tehsildar and tow Patwaris) for Resettlement & Rehabilitation (R & R) and land acquisition, Conservator of Forest (CF) as Nodal Forest Officer, on part time basis for forestry, bio-diversity, wildlife , one Assistant Engineer as Nodal Environment Officer for environment management , one AE as Information Officer, and other support staff. All staff are either to be deputed to the HPRIDC from the HPPWD, other government departments and organizations for at least 2-3 years, re-employment, or taken on a contract of at least 12 months. CE-cum-PD will be assisted by General Manager and supporting staff for accounts & secretarial functions in Finance Wing. A designated Chief Vigilance Officer of HPPWD shall function as Vigilance Officer of HPRIDC for complaints on procurements, fraud/corruption & construction quality. Public Information Officer and Assistant Public Information Officer shall be designated officers of the HPRIDC under the Right to Information Act. 2005.

2.3 Construction Management Units (CMUs)

The up-grading works will be spread over a number of districts of Himachal Pradesh. The Construction Management Units (CMU) will be established in the vicinity of up-grading works. Each CMU will have one Executive Engineer, three Assistant Engineers (one each for environment /utilities/encumbrances, technical & and resettlement and rehabilitation (Resettlement and Rehabilitation Officer who may be engineer or other suitable government officer), accounts personnel and three field officials (two patwaris and one Knoongo) from the revenue department, as per the work load.

Table-A
ORGANISATION CHART OF PROJECT IMPLEMENTATION UNIT



2.4 Duties of Managing Director (MD)

The Managing Director shall have the following duties, inter-alia:

- a) The Managing Director (MD) will be overall responsible to design, develop and implement the strategic plan for the Roads Project in the most cost effective and time efficient manner. He will prepare agenda items for the meetings of the Board of Directors of HPRIDC.
- b) The Managing Director will be responsible for both the day-to-day running of the Project Implementation Unit at HQ and developing road plans for the long term future of the HPRIDC. The Managing Director will be accountable to the Board, State Government and the shareholders of Road Fund that may be set up under the HPRIDC. The Board will grant the Managing Director the authority to "run" the HPRIDC.
- c) The MD will reports to the Board of Directors on a quarterly and annual basis to keep them informed of how the Projects are doing. The Board will offer suggestions and ideas about how to improve the HPRIDC to the Managing Director. It is the MD's responsibility to implement, improve upon or ignore these ideas.
- d) The Managing Director is the executive head of the HPRIDC and all other officers and employees of the HPRIDC shall be subordinate to him. The Managing Director is the Appointing and Disciplinary Authority in respect of the employees of the HPRIDC
- e) Besides, the powers to invite, evaluate, award, contract management delegated to MD in this Operations Manual, he will be vested with the financial powers as per the delegation of Financial Powers assigned to him under Company Act. He will carry out all the duties and responsibilities assigned or delegated by the management of HPRIDC including exercise financial powers within the delegated powers as conferred by the Board.
- f) He will also ensure that the contractors, the consultants and the HPRIDC are partners in road development to ensure quality and timely completion of the projects.
- g) The MD is legally responsible for the HPRIDC's affairs, so he must comply with the appropriate rules and regulations set out in company law and carry out the statutory obligations imposed by the Companies Act and other legislations. These include following the proper audit procedure and not allowing the company to break any trade embargos or dealing in any illegal goods.
- h) He will also propose a structure to the Board for progressive advancement so that a suitable number of employees are trained to develop capabilities to assume higher-level responsibilities.
- i) He will organise and attend meetings for review of progress of works and removal of bottlenecks, if any.
- j) The MD under his able leadership will develop the corporate culture in the HPRIDC and will motivate the employees for their development in addition to office-based work.

2.5 Duties of Chief Engineer-cum-Project Director (CE-cum-PD)

The Chief Engineer-cum-Project Director shall have the following duties, inter-alia:

- a) Chief Engineer-cum-Project Director will be overall in-charge of the Road and other Projects in HPRIDC. He will be responsible to the Board and the State Government for efficient carrying out of all preparatory studies, works in his administration and accounts pertaining to all such studies and works.
- b) He will carry out all the duties and responsibilities assigned or delegated by the management of HPRIDC including exercise financial powers within the delegated powers as conferred by the Board.
- c) He will also recommend to the Board the positions/posts required (full-time or part time employment or deputation with basic duties and responsibilities) for successfully carrying out the HPRIDC's agenda and goals. He will also ensure from time to time, whether the duties of a vacant position be eliminated, assigned to other positions, or modified as per the needs of the HPRIDC.
- d) He will also propose a structure to the Board for progressive advancement so that a suitable number of employees are trained to develop capabilities to assume higher-level responsibilities.
- e) He will also associate himself in the preparation of the Feasibility Studies and Detailed Project Reports, besides, Codes and Manuals and amendments thereof from time to time.
- f) He will ensure timely acquisition of land, shifting of utilities and removal of obstructions, obtaining environment clearances and permission for tree cutting and securing approval of the railways for construction of ROBs, if any. He will liaise with other agencies and groups to ensure that all the local issues are satisfactorily dealt with. He will interact with the State Governments and other departments of the Central Government for resolving issues holding up the progress of the work.
- g) He will organise and attend meetings for review of progress of works and removal of bottlenecks, if any.
- h) He will be responsible for ensuring social, health and environmental management including implementation of EMP, bioengineering works and monitoring and reporting, safety and skills enhancement.
- i) Any other duties assigned by the management of HPRIDC from time to time.

2.6 Duties of Superintending Engineer (Planning & Design)

The Superintending Engineer (Planning & Design) shall have the following duties, inter-alia:

- a) Superintending Engineer (Planning & Design) will be assisting the Chief Engineer-cum-Project Director in efficient functioning of the Project Implementation Unit of HPRIDC.
- b) He will assist in the planning, project preparation, technical designs and procurement & implementation of up-grading and asset management/periodic maintenance works, procurement & implementation of consultancy services and goods.
- c) He will co-ordinate and supervise the activities of the CMUs entrusted with the management of construction and maintenance of roads. He will also co-ordinate with the different authorities in the HPPWD for maintenance works and other line departments for making available land free of all encumbrances.

- d) He will hold progress-reviewing meetings with the CMUs. If need be, attend the meetings with different departments, organisations, utilities to expedite the planning of works.
- e) He will regularly inspect works under the control of the CMUs and also their offices atleast once a year. He will also keep close liaison with these offices regarding all the technical matters, and administrative matters concerning personnel of various categories in the CMUs.
- f) He will also co-ordinate the activities with Social Development Officer and finance wings of HPRIDC.
- g) He will also monitor the progress both financial and physical of periodic maintenance work on State Highways & Major District Roads(to be entrusted to the HPRIDC) undertaken by HPPWD Field Units.
- h) He will examine the draft reply of claims received from CMUs and EE (procurement) in case of disputes in design consultancies.
- i) Any other duties assigned by the management and Chief Engineer-cum-Project Director of HPRIDC from time to time.

2.7 Duties of Executive Engineer (Technical/Designs)

The Executive Engineer (Technical/ Design) shall have the following duties, inter-alia:

- a) Executive Engineer (Technical/Design) will be responsible to the SE (P&D) for the efficient discharging of duties.
- b) He will be responsible for preparation and scrutiny of bid-documents for up-grading and periodic maintenance works. He will also ensure that technical design, drawings, estimates and specifications for these works are strictly accordance with relevant standards, Codes and Specifications of MOSRTH and Detailed Project Reports prepared accordingly.
- c) He will also liaise with the Technical Examiner for periodic maintenance works and put up periodic maintenance proposals including annual procurement plan for approval of the competent authority.
- d) He will assist the SE (P&D) in monitoring the progress both financial and physical of periodic maintenance work on State Highways & Major District Roads (to be entrusted to the HPRIDC) undertaken by HPPWD Field Units.
- e) Any other duties assigned by the Chief Engineer-cum-Project Director from time to time.

2.8 Duties of Executive Engineer (Procurement)

The Executive Engineer (Procurement) shall have the following duties, inter-alia:

- a) Executive Engineer (Procurement) will be responsible to the SE (P&D) for the efficient discharging of duties.
- b) He will be responsible for procurement of consultancy services and goods of all kinds and obtaining approvals of the competent authority.
- c) He will be responsible for preparation of procurement plans for up-grading works.
- d) He will be responsible for preparation and scrutiny of feasibility reports and detailed project reports for up grading works and tunnels.
- e) He will liaise with the all the consultants on board for review and approval of the competent authority.
- f) He will be responsible for general administrative and establishment matters for smooth functioning of the Project Implementation Unit.
- g) He will also be responsible for developing and implementing/supervising the staff-training plan and human resource development of HPRIDC employees.
- h) He will be the Presenting Officer before the DRB/Arbitral tribunal in disputes of design consultancy. He will put up his recommendations to the SE (P&D).

- i) He will also act as Ethics Officer and will be responsible for addressing ethic issues.
- j) Any other duties assigned by the Chief Engineer-cum-Project Director from time to time.

2.9 Duties of Executive Engineer (contract management/ structures/ utilities)

The Executive Engineer (contract management/ structures) shall have the following duties, inter-alia:

- a) Executive Engineer (contract management/ structures) will be directly responsible to the CE-cum-PD for the efficient discharging of duties.
- b) He will be responsible for contract management and structures/utilities for up-grading works.
- c) At HQ level, he will also liaise with the Independent Construction Supervision Consultant for up-grading works. He will be responsible for examination and put up of all cases including interim payment certificates, variation orders, time extension, contract disputes & claims etc. for the approval of the competent authority.
- d) He will be responsible for removal of structures and utilities for handing over the land free of all encumbrances to the Contractors.
- e) He will be responsible for coordination of the activities of the CMUs and GM of HPRIDC.
- f) He will assist the CE-cum-PD in monitoring the progress both financial and physical of up-grading works.
- g) He will examine the draft replies of claims prepared and forwarded by the Executive engineer of the CMU.
- h) He will constantly monitor the settlement of disputes.
- i) He will function as Public Information Officer for the HPRIDC as prescribed under the Right to Information (RTI) Act 2005
- f) Any other duties assigned by the Chief Engineer-cum-Project Director from time to time.

2.10 Duties of Assistant Engineers

- a) The Assistant Engineers in the respective wings of the HQ will be assisting the Executive Engineers in discharging their duties.
- b) The Assistant Engineers of the CMUs will be responsible to the Executive Engineers for efficient management of works.
- c) The Assistant Engineer (technical) of the CMU will examine and put up of all cases including interim payment certificates, variation orders, contract disputes, claims etc. to the Executive Engineer for arranging the approval of the competent authority.
- d) The Assistant Engineer (Environment) of CMU will be responsible for ensuring compliance to environment management including implementation of Environmental Management Plan (EMP), monitoring & reporting, forest clearance, bioengineering etc.
- e) The Assistant Engineer (structures/utilities) of CMU will act as Resettlement & Rehabilitation Officer and responsible to the Social Development Officer for implementation of R & R and land acquisition. He will also be responsible for coordinating activities of structure/utility shifting.
- f) All the Assistant Engineers of HPRIDC HQ will be assisted by graduate or diploma holder junior engineers and Head Draughtsmen & other support staff in their respective wings.
- g) Any other duties assigned by the Chief Engineer-cum-Project Director from time to time.

2.11 Duties of Nodal Environment Officer

The Nodal Environment Officer shall have the following duties, inter-alia:

- a) Nodal Environment Officer (in the rank of Assistant Engineer) will be directly responsible to the CE-cum-PD for the efficient discharging of duties.
- b) He will deal with matters pertaining to integration of EA/EMPs into project design, construction management during project implementation, reporting and documentation etc.
- c) He will interact with CMUs for collecting information on environment management. He will be assisted by graduate or Diploma holder Junior Engineer.
- h) Any other duties assigned by the Chief Engineer-cum-Project Director from time to time.

2.12 Duties of Nodal Forest Officer

The Nodal Forest Officer shall have the following duties, inter-alia:

- a) Nodal Forest Officer will be directly responsible to the CE-cum-PD for the efficient discharging of duties.
- b) The CF of HPPWD will be (on part-time) responsible for regulatory clearances, plantation works including compensatory afforestation, biodiversity management and coordination with the concerned departments/agencies.

2.13 Duties of Information Officer

The Information Officer shall have the following duties, inter-alia:

- a) The Information Officer will be directly responsible to the CE-cum-PD for the efficient discharging of duties.
- b) The IO will also act as the Assistant Public Information Officer for the HPRIDC as prescribed under the Right to Information (RTI) Act 2005
- c) He will be responsible for (i) ensuring that suo moto disclosure of key project documents takes place in accordance with the Board's disclosure policy attached at Appendix 1 (ii) putting in place a computerized document management system within a reasonable timeframe as now required by law and (iii) providing information within the stipulated timeframe that may be requested under the Act by any citizen seeking information on the project.
- d) He will also be responsible for Information and Communications Technology (ICT) improvements proposed for HPRIDC and HPPWD under the State Roads project.
- i) Any other duties assigned by the Chief Engineer-cum-Project Director from time to time.

2.14 Duties of Social Development Officer

The Social Development Officer shall have the following duties, inter-alia:

- a) Social Development Officer will be directly responsible to the CE-cum-PD for the efficient discharging of duties.
- b) He will be overall responsible for coordinating with Land Acquisition Officers (LAOs), Public Works and Revenue Departments for land acquisition for up-grading works.
- c) He will coordinate the activities of NGOs on board and RRO of CMUs for implementation of Resettlement Action Plans (RAPs) and R & R assistance.
- d) He will directly interact with finance wing for R & R assistance.
- e) He will be assisted by revenue officials and ministerial staff.
- f) Any other duties assigned by the management of HPRIDC from time to time.

2.15 Duties of General Manager

The General Manager shall have the following duties, inter-alia:

- a) The General Manager will be directly responsible to the CE-cum-PD for the efficient discharging of duties.
- b) He will be overall responsible for all financial matters pertaining to the projects besides his other duties under Indian Companies Act.
- c) General Manager (GM) or any other officer of Finance Wing so authorized will be responsible for maintaining all the project accounts and assist the CE-cum-PD and other officers in processing all invoices/ payments pertaining to the concerned work/ package and will prepare cheques for the signature of Managing Director (MD) or any other officer entrusted with such responsibility. GM or other designated officer will be responsible to discharge duties in accordance with the Finance Management Manual (FMM) of HPRIDC.
- d) He will be assisted by an adequate number of senior and junior level staff in the Finance Wing at the Head Office and CMUs.
- e) He will also act as the Public Information Officer (PIO) for the HPRIDC as prescribed under the Right to Information (RTI) Act 2005.
- f) Any other duties assigned by the management of HPRIDC from time to time.

2.16 Duties of Planning Officer

The Planning Officer shall be assisting the Superintending Engineer (Planning & Design) in efficient functioning of the Project Implementation Unit of HPRIDC.

- a) He will assist in preparation of estimates, justifications, draft NITs, bids etc and other works as deemed fit and assigned from time to time.
- b) Any other duties assigned by the Chief Engineer-cum-Project Director and SE (P&D) from time to time.

2.17 Duties of other employees & support staff

The other employees and support staff of HPRIDC shall perform the duties as prescribed in the Office Manual of Himachal Pradesh Government.

One employee shall be designated as Caretaker and one as Record Keeper.

Any other duties assigned by the Chief Engineer-cum-Project Director from time to time.

2.18 Duties of Executive Engineer (EE) of CMU

The Executive Engineer shall have the following duties, inter-alia:

- a) Executive Engineer will be overall in-charge of the upgrading work at site within his jurisdiction. He will also associate himself in the preparation of the Feasibility Study & Detailed Project Reports.
- b) He will ensure timely acquisition of land, shifting of utilities and removal of obstructions, obtaining environment clearances and permission for tree cutting and securing approval of the railways for construction of ROBs, if any. He will liaise with other agencies and groups to ensure that all the local issues are satisfactorily dealt with. He will interact with the State Government and other line departments/ organisations of the State/ Central Government for resolving issues holding up the progress of the work.
- c) He will attend meetings called by the State Government /Board of HPRIDC for review of progress of works and removal of bottlenecks, if any.

- d) He will hold regular progress reviewing meetings with the contractors.
- e) He will supervisor and monitor the performance of the Construction Supervision Consultant and through him, of the Contractor. He will administer the powers vested with him under the contract, including making of payments. He will oversee the Contractor's Site Laboratory.
- f) He himself or through his designated officer of CMU will carry out random test check of 5% of the measurements, including 5% test checking of all hidden items of the work and all items for which the quantity exceeds more than 25% of the tender quantity, before making payment of any running/final bill. (Hidden item is one, which is not exposed for measurement after completion such as clearing and grubbing, earth work, bridge foundation, granular sub base, bituminous base etc.). The test measurement shall be in the presence of the Team Leader/Resident Engineer or other authorized personnel of the Supervision Consultant, for verifying the veracity of the bills and for checking the quality of the works. In case the check measurement is carried out by the designated officer, the Executive Engineer will countersign the check measurements.
 - i) Executive Engineer shall also exercise test check at least 10 % of Original Ground Levels/Reduced Levels recorded by the Supervision Consultant in the Level Book. The test check should be as representative as possible for the entire work done.
 - ii) For the purpose of test check, "measurements" means the "corresponding monetary value of measurements of work done." This, however, does not apply to "levels" in which case the test check has to be based on the number of levels recorded.
 - iii) Payment of any monthly Interim Payment Certificate (IPC) received shall not be held up for want of check measurement by the Executive Engineer. If the check measurement could not be made by him, 75% of the payment will be released subject to fulfilment of other conditions, the balance 25% payment withheld for adjustment, if any, after test check measurement.
- g) Executive Engineer will issue Measurement Books, Level Books and Field Books to the Supervision Consultants in respect of works under his charge. He will ensure that these documents are maintained and utilized properly by the Supervision Consultant. Before releasing payment against IPC of the Contractors, the Executive Engineer will ensure:
 - i) That Measurement Book is maintained by the Supervision Consultants in the standard format and in accordance with the guidelines prescribed, as per the contract conditions.
 - ii) That the mandatory percentage checking required to be conducted/certified by various key personnel of the Supervision Consultants, including the Team Leader, as per the contract conditions have been duly recorded in the Measurement Book.
 - iii) That the mandatory check measurements have been carried out by him.
 - iv) That the abstract Management Book is nearly and correctly drawn by the Supervision Consultants and has been signed by the Team Leader.
 - v) That the items, quantities and rates, etc., in respect of the executed items/quantities and as claimed under any IPC are as per the contract.
 - vi) That all other conditions and guidelines issued by HPRIDC Headquarters on the subject have been complied with.
 - vii) That all the payments including advances and the recoveries are recorded in the abstract Measurement Book and are duly authenticated

by the Executive Engineer and the General Manager (GM) of Finance Wing of HPRIDC.

viii) Before release of payment against IPC, the Executive Engineer and the General Manager (GM) of Finance Wing of HPRIDC shall ensure that the above necessary requirements have been complied with.

- h) EE will associate with the Team Leader/Resident Engineer of the Supervision Consultant in test checking of quality control tests at least to the extent of 5%.
- i) He will monitor that the original pre-qualified contractor is actually working and that there is no unofficial sub-letting or back-to-back management by the contractor to perform the contract or any part thereof. If the contract provides for a Joint Venture or a subcontractor, Executive Engineer should independently watch that they perform within accepted conditions and framework of the contract. He will also check up that the machinery and equipment as originally promised are actually working on the project site.
If there is any infraction of or deviation from the agreed/approved arrangements, he will take appropriate action as per condition of contract and will send his findings to the Headquarters.
- j) He will ensure that the personnel of the Supervision Consultant are deployed at site as per the manning schedule agreed in the contract. He will give directions to the Supervision Consultant for any laxity in respect of inadequate deployment and poor quality level of supervision during execution of the work.
- k) Executive Engineer will report to the Headquarters PIU critical issues in the implementation of the project. He will provide the necessary inputs to the Headquarters as and when required. He will examine the proposals of variations, time extension, disputes and claims etc. and furnish comments/recommendations to the Headquarters, and present the case before Dispute Resolution Expert/Dispute Resolution Board (DRE/DRB). He will ensure proper maintenance of all relevant record that may be needed at any time in the future to defend cases before the arbitrators or in the courts. On transfer, he will leave complete handing over notes, with reference to records, about all differences, disputes, claims and other matters to enable the successor effectively watch the interest of HPRIDC.
- l) Executive Engineer heading the CMUs will build, update and maintain HPRIDC data required for Road Maintenance and Management on a computerised Geographical Information System (GIS) data base as per the ICT development under the State Roads Project.
- m) Executive Engineer will take action for prevention and removal of encroachment, unauthorized access, billboards and advertisements hoardings from HPPWD land entrusted to it.
- n) He will prepare monthly 'encumbrances' list of the project site and submit to the HPRIDC Headquarters.
- o) He will examine the proposals of access permission (private properties and retail outlets) as per relevant guidelines and submit the same to the Headquarters in time.
- p) He will take action to update Road land records and develop inventory of State Highways & MDRs land and property.
- q) He will ensure that the prescribed building lines, control lines and set back distances are duly enforced.
- r) He will exercise proper supervision of control to ensure that Toll collection, if any, is smooth and as per the guidelines.

- s) He will submit monthly progress report to Headquarters in the prescribed format.
- t) He will be responsible for maintenance of accounts in the prescribed manner and operation of Bank Account. He will attend to Audit observations promptly.
- u) He will ensure that all the project records are maintained properly in the CMU. He will supervise the work of other officers and staff in the CMU.
- v) Executive Engineers will maintain fixed assets register in respect of the assets purchased out of own funds including assets transferred from Head Office and assets acquired by contractors/consultants currently in their possession or transferred as part of their contract. In addition, CMUs are also advised to carry out physical verification of the assets at the end of each financial year and submit a copy of the same to the Government Auditors/External/Internal Auditors during the course of their audit in the CMUs. Insurance of such assets should also be taken out.
- w) On completion of the Defect Liability Period, Executive Engineer will carry out half yearly performance evaluation of the project during the life cycle of the project.
- x) On completion of the project, he will write confidential performance appraisal report of the supervision consultant and submit to the Headquarters. He will also receive the performance appraisal report of the contractor put up to him by the supervision consultant and forward it to the Headquarters after countersignature/ his remarks.
- y) Executive Engineers, CMU will act as representative of principal employer (i.e. HPRIDC) under (i) Contract Labour (Regulations and Abolition) Act, 1970 and rules made there under and (ii) Employee's Provident Funds and Miscellaneous Provisions Act, 1952 and schemes framed there under. They will be responsible to implement all labour welfare activities required to be done by the principal Employer as per the statutory provisions.
- z) He will ensure compliance of all the environment management, health and safety aspects.

2.19 Duties of HPPWD Field Units

The Executive Engineer of HPPWD Field Unit shall have the following duties, inter-alia:

- a) Executive Engineer of HPPWD Field Unit will be the overall in-charge of the periodic maintenance works of SHs/MDRs to be undertaken under the State Roads Project at site within his jurisdiction. He will prepare and execute these works in accordance with the HPRIDC mandates from time to time.

2.20 Powers of Officers regarding Works

Officers shall exercise such powers as may, from time to time, be delegated to them by HPRIDC. The existing powers regarding Works, vested with various officers at the Headquarters and CMU shall remain with them.

These powers are subject to revision from time to time.

2.21 Staff Training

A training plan for the staff shall be developed annually reflecting the true needs of the projects as well as the short and longer term capacity building needs of HPRIDC with a minimum 5 days of training in a year for each staff member. The plan consists of a number of training modules specific to various target groups. The training will cover the

basic principles and methods of procurement of goods, services & works, contract administration & project management, data collection & RIS, financial & information management, ethics, social and environmental management (tools for environmental management, EMP implementation, Supervision, Monitoring and Reporting Requirements for EMP implementation, bio-engineering techniques for assessment of slope failure causes and implementation etc.), monitoring and reporting requirements and skill pertaining to bio-engineering techniques. Specific modules shall be designed to ensure proper implementation and transfer of skills to HPRIDC staff. Appropriate incentive for staff to attend the training will be developed along with mechanisms to evaluate the results of the training.

CHAPTER 3 – PLANNING

3. PLANNING

3.1 Classification of Works

Works shall be classified as follows:

- a) Upgrading/ Original Works
- b) Maintenance

3.2 Upgrading/Original Works

These will comprise all works of developmental nature by way of up-gradation of existing assets, creating new assets such as: Works of 2-Laning/4-Laning, Works of Improvement and Strengthening, Bridges, Expressways, tunnels, development of new highways etc.

1. Upgrading of state roads comprising of State Highways and Major District Roads to either double or intermediate lane standard to be determined after feasibility including independent supervision consultants, land acquisition and application of environmental and social management measures including bioengineering and biodiversity preservation measures.
2. Improving surface drainage and constructing new cross-drainage works.
3. Improving the road pavement to standards required for the traffic, subject to a condition survey.
4. Improving road geometrics to prescribed standards and improving road safety.

3.3 Preparation and Review of Detailed Project Reports (DPRs)

The Detailed Project Reports (DPRs) for up-gradation works shall be prepared on the basis of existing or future guidelines that have or may be issued by the HPRIDC for defining the procedures for reconnaissance surveys, soil and material investigations, traffic surveys, detailed engineering surveys, BBD, IRI, road/bridge condition surveys, preparation of drawings and formats for DPRs.

These DPRs shall be scrutinized by HPRIDC to ensure that the relevant design guidelines and relevant provisions of the Environmental Management Plan/s and Re-settlement & Rehabilitation Policy (R&R) have been properly applied and cause them to be placed before Board of Directors (BoD) of HPRIDC who may recommend clearance of the proposals.

3.4 Maintenance Works

Maintenance Works will include all works of periodic renewals only.

Out of total about 4000 km of the state roads, repair, major maintenance as well as periodic renewal and accident black spot improvement shall be undertaken on prioritised sections. This would be implemented in annual maintenance programs to start in FY 2007-08.

Under the project, two kinds of maintenance of state roads are envisaged, namely:

- Maintenance of upgraded project roads taken up as per norms of five years after completion as per the Conditions of Contract; and
- Maintenance of other existing state roads prioritised from the core state roads network as per the availability of funds.

3.5 Planning of Maintenance

Long term maintenance planning should be required with priority order for periodic maintenance and rehabilitation. The Summary of road condition each year also may comprise traffic data, emergency maintenance requirement for different hazard spots and duration of road closure in the lack of emergency maintenance for each spot of the road section. A road register may be maintained for the book value of each section of road based on capital, maintenance and other investment each year.

State Roads for maintenance and periodic renewal shall be prioritized by computerized web based GIS enabled Road Maintenance Management System from FY 2007-08. The PWD has establish a road database, covering details such as terrain, rainfall, roadway width, carriageway width, shoulder width, pavement thickness/composition, year of construction, year and type of last renewal, cross-drainage structure, road drainage, problematic conditions (like water-logging, landslides, etc), and condition rating of the road. The computerized database shall allow for efficient querying and reporting.

The state road database shall be updated periodically, incorporating changes in the condition rating using the BBD/IRI/PCI results, renewal intervention and upgrading carried out. Each PWD Division shall prepare and make public by February 28 of each year, an annual core network condition report that provides information on:

- i) The condition of each link in the network using the program's PCI system or other suitable and consistently applied condition classification system;
- ii) A summary sheet that shows aggregate condition in comparison with the previous year's aggregate condition; and
- iii) The value and nature of maintenance works that have been executed during the year.

An annual maintenance plan shall be drafted for each division by December 31 of each year covering as many maintainable roads within the core state road network as feasible. The aggregate funding requirement based on these plans shall be submitted for budgetary provision by January 31 of each year. The divisional maintenance plans shall be revised in the light of funds made available by state governments in the States' Budget and distributed among the divisions and a summary of the final plan shall thereafter be made public in suitable local places and the HPRIDC website by June 30 of each year.

Maintenance of State Roads shall comprise of the following:

- Routine maintenance such as pot-hole repairs and patching, maintenance of shoulders, drainage, road furniture and markings, restoration of rain cuts, snow clearance, etc;
- Periodic renewal such as renewal of black-topped surface at specified intervals to restore the riding quality;
- Special repairs such as flood damage repairs and clearance of slips;
- Generic Environmental Management Plan shall be applied to all maintenance works.

The finalised Annual Maintenance Plan shall contain:

- Length of roads to be routinely and periodically maintained in the budgeted year;
- Implementation responsibilities and timetable for tendering or work instruction for gang labour as applicable; and
- Budgetary requirements and actual allocations.

3.6 Budget Requirements for Maintenance

Other budgetary resource may need to be clearly defined (toll tax, fuel levy, registration charges, environmental tax for old vehicles, penalty for overloading etc.)

The Norms as per the MOSRTH guidelines or Manual, if any, published by the Indian Roads Congress, or any other agreed Norms shall be used for determining the budgetary requirements for maintenance works. The norms shall be used after applying suitable cost escalation factors to reflect current cost of materials, and other inputs. The maintenance component shall be funded from the state's budgetary allocations and other sources of funding. Efforts at government level shall be made to ensure that adequate budgetary allocations are available to implementing agencies to execute the maintenance component promptly after the start of the financial year.

3.7 Preparation of Detailed Designs and Execution of Maintenance Works

- For the works identified in the final Annual Maintenance Plans, detailed designs shall be prepared in accordance with MOSRTH specifications and guidelines.
- The execution of the maintenance shall comply with the specifications for MOSRTH.
- Quality control tests as specified in the Quality Control Handbook/Manual, where applicable, shall be carried out.
- The physical and financial progress achieved shall be reported at the end of every quarter in the prescribed forms.

3.8 Procedure of Commencement of Civil Works

The following procedure will be followed while undertaking the work of State Roads including bridge or tunnel projects.

3.8.1 Project Preparation and Approval

- a) Broadly, the following steps are involved in the preparation and approval of any road project.
 - i) Feasibility Study/Preliminary Project Report
 - ii) Detailed Project Report containing detailed engineering and plan of construction
- b) In the first instance, a feasibility study for the project will be carried out, through a consultant, selected in accordance with the procedure and criteria laid down in Chapter 5. In some cases, especially for externally funded and BOT projects, it may be necessary to prepare a pre-feasibility report to enable a funding agency or private financier to appreciate the broad features of the project, the study of financial involvement and possible returns.
- c) The feasibility study will establish the scope of the work, bring out requirement of land, prepare social and environmental assessments, carry out preliminary economic and financial analysis, examine different options, work out their merits and costs, and recommend the most suitable one.
- d) In case the project is already identified, or the alignment is well established, or an existing asset is to be improved/ upgraded/replaced, feasibility study may be dispensed with. In another situation, it may be found more practical as well as expedient to combine feasibility report with detailed project report discussed below.
- e) The studies and recommendations of feasibility study will form the Preliminary Project Report (PPR), as described in Para 3.8.3. On approval of PPR, if one has been commissioned, or otherwise if it has been dispensed

with, a Detailed Project Report (DPR), as described in Para 3.8.4, will be prepared, again through a consultant who could be different from the one who had prepared the feasibility study report, but should preferably be the same. In this, standards, design parameters and specifications will be precisely laid down along with technology and quality standards to be followed. Detailed drawings, bill of quantities, detailed cost estimate will also be prepared.

- f) The DPR shall be accepted as per the procedure prescribed in Para 3.12.
- g) Consolidated investment proposal may be approved by the HPRIDC. The proposal to be submitted to the HPRIDC shall contain the details of the sections, estimated cost, means of finance, the nature of construction (2/4laning, flexible pavement, major structures, tunnels etc), likely date of award and completion etc. Public Consultation for alignment selection & finalisation, Common Property Resources (CPRs), Land Acquisition and Environmental Impact shall be mandatory for all the works, where applicable, for any Road Project. After the approval of the investment proposal, the individual contract/package may be awarded with the approval of the HPRIDC Board.
- h) The Bid document will be finalized before invitation of Bids. The bid documents will include the scope of the project and its description, standards and specifications, terms and conditions of the agreement, rights and responsibilities of the parties, remedies, implementation schedule, amount of earnest money (bid security), and the period of validity of the bid, Environmental Management Plan/s etc. The bid documents will be formally approved by the tender accepting authority before inviting tenders.
- i) Competitive tenders will be invited after giving them wide publicity. Eligible contractors who have been earlier pre-qualified or are to be post-qualified, or are registered with approved engineering organisations, depending on the size and nature of the project will be invited to bid.
- j) The bids received will be evaluated and the one offering the least cost and found to be responsive, as described in Para 5.20, will be approved. Letter of acceptance will be issued in favour of the successful bidder, specifying therein the formalities to be completed by the successful bidder for signing the agreement.
- k) In the meanwhile action will be taken in respect of:
 - i) Provision of land/ site for the Work in accordance with the schedules set out in the contract documents;
 - ii) Appointment of Construction Supervision Consultant to supervise the work;
 - iii) Appointment of Dispute Resolution Expert (DRE)/Dispute Resolution Board (DRB), depending on the size of the work for dispute resolution in the course of execution of the work.
- l) In the field, the work will generally be supervised by a supervision consultant, selected in accordance with the procedure described in Chapter 5. EE (in-charge of CMU) will superintend the performance of the supervision consultant and project implementation on behalf of HPRIDC.

3.8.2 Feasibility Study Report

3.8.2.1 The consultant shall carry out the feasibility study of the project in accordance with the accepted inception report. The feasibility study report shall broadly contain the following:

- (a) Executive summary;
- (b) Project financing and cost recovery mechanisms;

- (c) Project description including possible alternative alignments/bypass and technical/engineering alternatives;
- (d) Methodology adopted for the studies;
- (e) Socio-economic profile of the project influence area;
- (f) Indicative design standards, methodologies and specification;
- (g) Traffic surveys and analysis;
- (h) Environmental screening and preliminary environmental assessment including public consultation;
- (i) Initial social assessment and preliminary land acquisition/resettlement plan;
- (j) Project cost estimates including Land Acquisition cost;
- (k) Economic and financial analysis; and
- (l) Conclusions and recommendations.

3.8.2.2 The consultant shall also submit the following documents:

- (a) Details of the centre line of the proposed widened State Road along with the existing and proposed right-of-way limits to appreciate the requirements of land acquisition;
- (b) The information concerning the ownership of land to be acquired for the implementation of the project shall be collected from the revenue and other concerned authorities and presented along with the strip plans;
- (c) Strip plans showing the position of existing utilities and services indicating clearly the position of their relocation;
- (d) Details for various clearances such as environment and forest clearances, tree cutting requirements;
- (e) Separate strip plan showing shifting / relocation of each utility service in consultation with the concerned local authorities;
- (f) The utility relocation plans should clearly show existing right-of-way and pertinent topographic details including buildings, major trees, fences and other installations such as water-mains, telephone, telegraph and electricity poles, and suggest relocation of the services along with their crossings the highway at designed locations as required and prepare necessary details for submission to the Service Department;
- (g) Detail schedules for acquisition of additional land and additional properties in consultation with the revenue authorities; and
- (h) Land Acquisition Plan.

3.8.3 Preliminary Project Report (PPR)

The PPR shall contain the following:

Volume I: Preliminary Design Report

- a) Executive summary
- b) Project description
- c) Summary of Environment Screening, EIA and EMP Framework
- d) Summary of Resettlement Plan

- e) Updated cost estimates
- f) Updated economic and financial analyses
- g) Suggested methods of procurement and packaging
- h) Conclusions and recommendations

Volume II: Design Report

- a) Road and bridge inventory
- b) Summary of survey and investigations data
- c) Proposed design basis, standards and specifications
- d) Proposed pavement design and preliminary bridge designs

Volume III: Drawings

- a) Location map
- b) Layout plans
- c) Typical cross sections showing pavement details
- d) Drawings for cross-drainage and other structures
- e) Road junction designs
- f) Indicative land acquisition plans

Volume IV: Environment Impact Assessment or along with Environment Management Plan.

Volume V: Land Acquisition and Resettlement Action Plan.

3.8.4 Detailed Project Report (DPR)

3.8.4.1 The detailed Engineering covers detailed alignment surveys, soil and materials surveys, pavement design studies, drainage studies, environment management plan based on environment impact assessment studies, detailed drawings, estimates and implementation schedules and documents.

3.8.4.2 The DPR should generally consist of the following parts:

- (a) Main Report
- (b) Design Report
- (c) Materials Report
- (d) Environmental Impact Assessment (EIA) Report, including the Environmental Management Plan (EMP)
- (e) Resettlement Action Plan (RAP)
- (f) Technical Specifications
- (g) Rate Analysis (based on Data Book of MOSRTH)
- (h) Cost Estimates
- (i) Bill of Quantities (Essentially including the provisions of the EMP)
- (j) Drawings
- (k) Project specific changes in the Bid Documents

3.8.4.3 Main report should bring out the background of the project, its social analysis, details of survey and investigations carried out, analysis of survey and investigation

data, traffic studies and demand forecast, rationale of design chosen, cost estimation, economic and financial analysis, sensitivity analysis, summary of key environmental issues, project clearances from various agencies for project implementation and avoidance/management measures incorporated in the project design etc.

3.8.4.4 The Design Report and the Material Report should be detailed as per TOR and among other things, carry a certificate by the consultant that all ground survey, field tests, material tests, soil tests, sub-soil and hydraulic investigations etc. reported and relied upon, have been actually carried out with due diligence. Without this certificate DPR should not be accepted.

3.8.4.5 Cost should be worked out realistically based on correct physical inputs as per data Book of MOSRTH and the prevailing market unit rates of materials and equipment, rates applicable to the site and as per Analysis of Rates based on Standard Data Book, as actually verified and so certified. DPR should not be accepted without a certificate to this effect by the consultant. (The rate analysis should also be based transporting of materials from approved source in the vicinity of the project sites.)

3.8.4.6 As mentioned before, estimate should bring out the quantities of principal materials like, cement, steel and bitumen, and give the percentage cost of each of them separately, along with that of other general materials, in relation to the total cost of the work. These percentages will be used in the Price Adjustment Formulae.

3.8.4.7 During entire period of services, the Consultant will continuously interact with the concerned officials of HPRIDC and provide any clarification as regards methods being followed and carry out any modifications as suggested by HPRIDC. A prior programme of various activities will be sent to HPRIDC and prior intimation given regarding start of any key activity such as boring, survey etc. A monthly progress report, for monitoring purpose, will be sent by the consultant to the designated officer of HPRIDC.

3.8.4.8 The Detailed Project Report (DPR) shall be scrutinized thoroughly for accuracy and soundness by the team leader of the consultant and cross checked by other members of the team. Before final submission to the Employer, the Chief Executive Officer (CEO) of the consultancy firm will certify its correctness under his own signature.

3.9 Responsibility for accuracy of project documents

3.9.1 The Consultant shall be responsible for accuracy of the data collected, by him directly or procured from other agencies/authorities, the designs, drawings, estimates and all other details prepared by him as part of these services. He shall indemnify the RIDC against any inaccuracy in the work which might surface during implementation of the project. The Consultant will also be responsible for correcting, at his own cost and risk, the drawings including any resurvey/ investigations and correcting layout etc. if required during the execution of the Services.

3.9.2 The Consultant shall be fully responsible for the accuracy of design and drawings of the bridges, tunnels and structures. The Consultant shall indemnify the Client against any inaccuracy/deficiency in the designs and drawings of the bridges and structures noticed during the construction and even thereafter.

3.10 Independent Environment Assessment Review

3.10.1 For all widening and strengthening road projects, major/special type of bridges/structures and tunnels, the Environment related documents of Feasibility Study Report and DPR will be reviewed by an Independent Environment Assessment Review Consultant, to ensure that all the objectives of the project are covered, and that the presentation is consistent with quality, cost and time. For major bridges and complex structures, proof consultants should be appointed. Each part of the report will be reviewed by the consultant including site interaction with EE .

3.10.2 The panel of personnel at MOSRT& H shall be used for the purpose.

3.10.3 In all the cases, the award including remuneration of the Review works shall be got approved from the Board.

3.11 Scope of Environment Assessment Independent Review of Draft FS Report and Detailed Project Report (DPR)

Broad scope of Environment Assessment Independent Review of feasibility study report and detailed project report is at Enclosure-1 attached at the end of the Chapter.

3.12 Procedure for scrutiny and acceptance of Feasibility Study Report (FS) and Detailed Project Report (DPR) by HPRIDC

3.12.1 Scrutiny

3.12.1.1 As mentioned earlier, the design consultant shall be fully responsible for the accuracy of the data, details, designs and drawings etc. as contained in FS and DPR and the Environment related documents are got reviewed from a Independent Review Consultant (wherever required). The FS and DPR shall however, also be scrutinized in HPRIDC before their acceptance. The objective of scrutiny of the DPR etc in HPRIDC is to see that the DPR generally meets the requirements of the Terms of Reference, there is no glaring mistake with regard to design standards and the quality of the project preparation is maintained.

3.12.1.2 Considering the lean and thin structure of the organization it may not be feasible to carry out in-house detailed examination of the detailed project report (including feasibility study report, preliminary project report and other details) prepared by the consultant. However important aspects of the DPR need to be taken into account during scrutiny in HPRIDC. An indicative checklist of these important aspects is prescribed below. During presentation by the design consultant (as per Para 3.8.2 below), these aspects may specifically be raised for which the Design Consultant and/or the Independent Review Consultant shall have taken affirmative action. Random checking of important details may also be carried out, if considered necessary. In case of deficiency the DPR shall be modified accordingly by the Design Consultant.

(a) The consultant has furnished all the reports/documents as per the TOR.

(b) The Consultant has collected, compiled and analyzed the available data on road & bridge inventory, bridge condition survey, past performance of road, right of way details, hydrological characteristics of drainage system, terrain characteristics, socio-economic features of the Project influence area.

(c) Traffic Survey locations are fixed in such a manner that representative traffic data are obtained.

(d) Indicative Design standards, methodologies and specifications conform to relevant codal provisions/guidelines.

(e) Preliminary Widening Scheme, proposal for bypass including suggested alternate alignments are based on thorough ground reconnaissance and meet the prescribed design standards.

(f) Assessment of borrow areas/quarries has been done after extensive survey and careful considerations.

(g) Environmental & Social screening data has been collected diligently to avoid hassles during implementation.

(h) Cost estimates are realistic and based on market rates, PWD rates, rates of similar ongoing projects etc.

- (i) Parameters of financial and economic analysis have been adopted conforming to implementation strategy of the Project.
- (j) Hydraulic design parameters are based on correct data and field survey. Sub-soil investigation for design of structures, sub-grade soil and material investigations for design of pavements should be accurate and reliable and in sufficient detail.
- (k) Correct details of all physical features and obstructions, structures, railway lines, canal/river crossing, water mains, sewers, pipes, trees, plantations, electric and telecommunication lines etc. which affect the proposal are marked to an accuracy/tolerance consistent with their likely interference.
- (l) Utilities relocation plans are prepared in consultation with the authorities concerned.
- (m) The drawings are capable of execution at site without additional instructions or changes.
- (n) The pavement design takes into account the characteristics of material to be used and the traffic forecast has been made appropriately.
- (o) Drawings for ROB/RUB is based on clearance by and approval of concerned Railway authorities.
- (p) In case of bridges, the final design is based on approval of General Arrangement Drawing (GAD) and alignment plan by RIDC, to be given after consideration of alternatives bringing out their cost effectiveness and ease of construction.
- (q) The description of items in Bill of Quantities is consistent with the drawings and specifications, and all should lend themselves to harmonious and unambiguous interpretation.
- (r) Besides the quantities of various items of work, BOQ also give the quantities of major materials like, cement, steel and bitumen likely to be required for the work in order to arrive at their reliable percentages, required to be given in the Price Adjustment Formula.
- (s) The requirements of road safety have been taken care of.
- (t) The Consultant had local consultations to identify the needs/expectations of the people regarding, underpasses/realignment etc. keeping in view the codal requirements).
- (u) Drawings, BOQ and Technical Specifications are compatible.

3.12.2 Acceptance

3.12.2.1 In case no Independent Environmental Assessment Review of DPR is carried out.

The DPR including the feasibility study report etc shall be scrutinized in HPRIDC as per the procedure prescribed above. If any deficiency is discovered, the proposal shall be returned to the consultants for necessary modification. Design consultant may be required to give a presentation about different aspects of the reports. A record of discussion of the meeting will be prepared. The feasibility study report and DPR will accordingly be accepted in HPRIDC at the level of Review Committee.

3.12.2.2 In case Independent Environmental Assessment Review is carried out.

- (a) The observations of the Independent Review Consultant on environment related documents of the draft feasibility study report will be reviewed in HPRIDC and forwarded to the Design Consultant, with modification, if any. The Design Consultant will

incorporate these modifications and submit the final feasibility report (FS) to HPRIDC. This report will be examined by the Independent Review Consultant and shall also be scrutinized in HPRIDC as per the procedure prescribed above. A joint meeting of the Design Consultant, Independent Review Consultant and HPRIDC will be held for discussion and finalization of the feasibility study report. Design Consultant may be required to give a presentation about different aspects of the report. A record of discussion of the meeting will be prepared and signed by the three parties. The feasibility study report will be accepted /approved accordingly in HPRIDC at the level of Review Committee and the Board.

(b) Based on FS report approved, the Design Consultant will prepare and submit the PPR and draft DPR. The draft DPR will be examined by the Independent Review Consultant. The observations of the Independent Review Consultant will be looked into by HPRIDC and forwarded to Design Consultant, with modification, if any. The Design Consultant will modify the DPR in view of the comments of the Independent Review Consultant and submit the final DPR. The DPR shall be examined by the Independent Review Consultant and also scrutinized in HPRIDC as per the procedure prescribed above.

(c) The DPR may be discussed in a joint meeting of Independent Review Consultant, Design Consultant and HPRIDC. The Design Consultant will give presentation about different engineering aspects of the DPR. Any deficiency noted during the discussion will be complied by the Design consultant. A record of discussion of the meeting will be prepared and signed by the three parties. Based on the discussion and compliance received, if any, the DPR shall be accepted in RIDC at the level of Review Committee and the Board.

(d) In case of projects involving major Bridges and complex structures, where proof checking is resorted to, the acceptance procedure will be the same as in case of Environment Assessment Independent Review.

(e) It is emphasized that scrutiny of the DPR in HPRIDC is to see that the DPR broadly contains all the details/reports in the TOR and any glaring mistake/omission etc. is avoided. However the responsibility for the accuracy of the data/details/designs etc in the DPR shall be of Design Consultant and formal acceptance of the DPR in HPRIDC will not absolve the Consultant of his responsibility.

3.13 Custody of DPRs and other related Documents.

The DPR and other related documents will remain in the custody of the Executive Engineer concerned.

3.14 Implementation, Supervision and Evaluation

3.14.1 The execution of the project will be done through a contractor who is competent, financially sound and offering to do the work at a reasonable price. To achieve this, the contractors shall be pre-qualified (or post-qualified) on the basis of detailed criteria, tailored to suit the needs of the project. The details of the process of bidding, evaluation of bids, and award of work are given in Chapter 5.

3.14.2 For supervising the work, HPRIDC will generally employ a competent construction supervision consultant. His appointment will be routed through a well-defined process of selection, based on combined evaluation of technical and financial proposals. The procedure of selection of consultant to be followed is given Chapter 5 and duties and functions of the supervision consultant are given in Chapter 6.

3.14.3 CMU (headed by a Executive Engineer) will oversee the project on behalf of HPRIDC. Tasks and responsibilities of Executive Engineer are given in Para 2.14.

3.14.4 On completion of the project, an assessment report should be prepared. This will, inter alia, address problems in respect of: cost overruns; delay in completion; new

policies and procedures adopted; mistakes made; issues of dispute resolution; EMP Compliance and lessons for the future. Supervision consultant, where considered appropriate, may be asked to give a brief presentation.

3.14.5 During life cycle of the project, six-monthly appraisal of the performance of the works against their expected behavior should be made by the EE and reasons for premature deterioration or fall in serviceability levels should be explored.

3.15 Expenditure on 'Study and Project Preparation'

Initial expenditure on FSR and DPR etc. shall be debited to a separate account head called 'Consultancy Services'. If they result in acceptance of the project, the expenditure so incurred shall form a part of the project cost and will be accounted for accordingly. But if the project is not accepted, and it is decided not to proceed further, the expenditure incurred on FSR/DPR etc. will remain debited to the 'Consultancy Services' head mentioned above.

3.16 Advertisement/Publicity of Tenders

3.16.1 All notices inviting tenders with tender documents in downloadable format will be hosted on HPRIDC's website without any exception.

3.16.2 Tender notices will be published in newspapers only in "window" format. Advertisement(s) will be such that it displays only the most important/core information and for documents/details leads the prospective bidder(s) to the information hosted on the HPRIDC's website or kept at specified places.

3.16.3 The advertisements may be published in the newspapers as under:

- (a) One leading English daily.
- (b) One leading Hindi daily and/or one leading regional Hindi daily.
- (c) In case of Global tenders, advertisements in one international newspaper can be published in abridged manner, with full advertisement on the HPRIDC's website.
- (d) In case of external funded projects the guidelines of funding agency shall be followed, with full advertisement on the HPRIDC's website.

3.17 Procedure for release of: (a) tender notices (b) display advertisements at the time of inauguration or foundation laying ceremony of HPRIDC contracts etc.

The release of tender notices and display advertisements etc. shall be as per the guidelines to be issued by HPRIDC from time to time.

3.18 Public Private Partnership in Road and Tunnel Projects

3.18.1 These involve private investment, wholly or in part, and which may be domestic or foreign. They may use various routes such as: BOT (Toll) (or BOOT, BOLT, DBFO) and BOT (Annuity), etc. These works may typically include works such as: Bridges, Road/Rail-over-Bridges, Road/Rail-under-Bridges, inert-sections, Flyovers, Bypasses, Tunnels and Widening & Improvement of SHs/MDRs, and Facilities etc.

3.18.2 To attract private investment the Government may provide tax concessions to the entrepreneurs, as well to the lenders and investors. HPRIDC may offer to carry out the preparatory work, arrange environmental and other clearances, and meet the cost of land, feasibility studies, relocation of utilities, resettlement & rehabilitation, etc.

3.18.3 In order to improve the viability of a private funded project, HPRIDC may, within defined limits, provide capital grants, participate in equity and offer bridge/gap loans,

besides agreeing to levying & periodic revision of toll tax, fuel levy, registration charges, user fees, environmental tax for old vehicles, etc.

3.18.4 For preparation and procurement of works, Model Bidding Documents and Concession Agreements of MOSRTH and/or Planning Commission shall be followed. For legal and other framework, umbrella Act of HP Infrastructure Development Board shall be followed in principle.

ENCLOSURE –1**Scope of Works - Independent Environmental Assessment Review Consultant**

(Ref. Para 3.11)

The Independent Environmental Assessment Review of environment related documents of the DPR including feasibility study report shall ensure that all aspects of the project are duly covered; that it is technically sound and that it is fit to form the basis of the contract. The following shall be particularly looked into:-

I Feasibility Report

Draft Feasibility report shall be examined to ascertain that the Report is prepared meeting the requirements of Terms of reference (TOR), is technically sound and following aspects in particular are duly covered.

The consultants have a proper quality assurance system required to produce a technically sound DPR.

Environmental screening/IEE data has been collected, compiled and analyzed diligently and correctly.

The consultants have made sincere efforts to collect, compile and analyze the available EA data of the project influence area.

Preliminary assessment of borrow areas, quarries and water sources has been done after extensive survey, careful considerations and in discussion with concerned community.

Preliminary widening scheme, proposal for bypass including suggested alternate alignments are based on thorough ground reconnaissance. Objective is to select alignment of the new carriageway that meets geometries requirements, causes minimum damages to the structures/properties, is environment friendly and cost is optimized.

Based on Independent Review of Draft Feasibility Report, suggestions/recommendations/ action lists as appropriate are to be given for further improvement of the DPR.

II Detailed Project Report

DPR shall be examined to ensure that all environmental aspects of the Project are duly covered, that it is environmentally sound and that it is fit to form a part of the contract. The following shall be particularly looked into.

The impact on trees and other floral species, fauna (if any), water resources, land environment, social environment (health and safety), road safety is correctly assessed and presented. The findings and feedback from stakeholder's consultation conducted by DPR Consultants (with a view to identifying the needs/expectations of the people regarding, underpasses, realignment, bypasss, use of community resources or any other) shall be reviewed in detail.

DPR should identify the potential sources of materials, like quarry sites, borrow areas, establish their quality and recommend their use on the basis of techno-economic principles. EA should identify any environmental issues and community concerns linked to this proposed use.

The adequacy of EMP contents, provisions, drawings, specifications, budget (along with overall report structure) with respect to identified issues.

Inclusion of EMP along with Environmental Health and Safety regulations in the Bidding/Contract Documents – this includes management measures, drawings, specifications and BoQs (as appropriate).

CHAPTER 4 - DESIGN

4. DESIGN

All designs shall follow the relevant Indian Roads Congress Codes of Practice and specifications as revised from time to time. In case IRC Standards are not available the latest international standards such as ASTM, ASHTO, BS shall be followed failing which best international practices shall be adopted. The MOSRTH latest edition of "Specifications for Road and Bridgeworks" shall be followed. In preparation of Bill Of Quantities (BOQs), MOSRTH's Standard Data book shall be followed.

HPRIDC shall apply the provisions of the Environmental Management Plan/s and Re-settlement & Rehabilitation Policy (R&R) to ensure that such provisions are properly integrated into the planning and design of road project to help mitigate adverse impacts, enhance positive impacts and comply with GOI/GoHP/Lending Agency's regulatory requirements.

4.1 Environment Protection Measures

It shall be ensured that environment protection provisions are properly integrated into the planning and design of each sub-project to help mitigate adverse impacts, enhance positive impacts and comply with the Bank's policies and GOI regulatory requirements. Adequate budgetary provision for any necessary remedial environmental measures identified in the planning/design process shall be ensured.

CHAPTER 5 - PROCUREMENT

5. PROCUREMENT PROCEDURE AND DECISION MAKING

This chapter contains two parts- Part – I for procurement under State's own funding; and Part – II for procurement under External (World Bank) funding.

5.1 Part – I: Procurement Procedure under State's own funding

The MD, HPRIDC shall be responsible to have prepared and submitted to the Board for its approval an annual procurement plan for the following fiscal year by each December 31. The procurement plan shall follow the format prescribed in Annex 1 and shall be made public after approval by the Board. In case of external-aided projects procurements needs to be reviewed by the lending agency/Bank also.

For all externally aided projects, the HPRIDC shall undertake procurement of works and goods in accordance with the World Bank's "Procurement under IBRD Loans & IDA Credits", 2004 and for all consultancy services in accordance with the World Bank's "Selection and Employment of Consultants by Bank Borrowers", 2004. The World Bank's standard bidding documents and standard request for proposals, as amended from time to time, shall be used for all procurement as appropriate depending on the size of the contract. The following thresholds shall apply for externally funded works, goods and services contracts.

Sr. No.	Value	Requirement
	(A) Works	
1	>INR 50 Crore	ICB, with independent engineer under FIDIC
2	>INR 250 Crore	Pre-qualification
3	>INR 0.50 Crore <INR 50 Crore	NCB
4	<INR 0.50 Crore	NS
5	<INR 0.25 Crore	Direct contracting and force account
	(B) Goods	
6	>INR 2.50 Crore	ICB
7	>INR 0.25 Crore < 2.50 Crore	NCB
8	<INR 0.25 Crore	NS and direct contract
	(C) Services	
9	>INR 2.50 Crore	International shortlist
10	>INR 1.00 Crore	International advertisement (UNDB and dgmarket online)
11	<INR 2.50 Crore	Shortlist should comprise of national consultants only
12	<INR 1.00 Crore	National advertisement

13	<INR 0.50 Crore	In exceptional circumstances sole source for firms
14	<INR 0.50 Crore	In exceptional circumstances sole source for individuals

All works contracts to be procured following National Competitive Bidding under domestic funding will adopt the following procedures:

- Only the model bidding documents for NCB as prescribed by the HPRIDC, and in the case of externally funded projects as agreed with the funding agency, shall be used for bidding.
- Invitations for bid (IFB) shall be advertised in at least one widely circulated national daily newspaper, at least 30 days prior to the deadline for the submission of bids. Bidding documents are sold for at least 30 days from the date of publication of IFB in the newspaper or the documents are made available for sale, whichever is later.
- No special preference will be accorded to any bidder when competing with foreign bidders, state-owned enterprises, small-scale enterprises or enterprises from any given State.
- Except with the prior concurrence of the Board and in the case of externally funded contracts the funding agency, there shall be no negotiation of price with the bidders, even with the lowest evaluated bidder.
- Except in cases of force majeure and/or situations beyond the control of the HPRIDC, extension of bid validity shall not be allowed without the prior concurrence of the MD, HPRIDC and in the case of externally funded contracts the funding agency (i) for the first request for extension if it is longer than eight weeks; and (ii) for all subsequent requests for the extension irrespective of the period.
- Re-bidding shall not be carried out without the prior concurrence of the MD, HPRIDC and in the case of externally funded contracts the funding agency. The system of rejecting bids outside a pre-determined margin or "bracket" of prices shall not be used.
- Rate contracts entered into by Director General of Supplies & Disposals (DGS&D) can be acceptable as a substitute for NCB procedures. Such contracts will be acceptable for any procurement under national shopping procedures. State Government rate contract will not be acceptable for any procurement under national shopping procedures in the case of externally funded contracts. However, State Government rate contract can be considered as one of the three quotations.

The Competent Authority for invitation, evaluation, award and contract management is defined in the Table-1.

The procurement documents and results shall be made public within 2 weeks of approval at each stage of the process in accordance with the disclosure policy given in Chapter 13.

All procurement complaints shall be dealt with as prescribed in Chapter 14.

The HPRIDC shall develop and maintain a database of all firms who perform works or services or deliver goods to the HPRIDC. Such database shall include the basic data of the firm as well as prices at which contracts were awarded, indicators on the quality and timeliness of delivery of contracted products.

For GOHP funded projects, the HPRIDC may use the above procedures or shall develop, approve and utilize separate procurement arrangements based on those prescribed above.

Table 1: Delegation of Powers to Competent Authorities

	Type of Contract	Invitation	Evaluation ¹	Award	Termination
1	Works > INR 25 Crore Services > INR 2.50 Crore Goods > INR 2.50 Crore All PPP projects	Board or designated sub-committee	High Value Evaluation Committee ²	Board or designated sub-committee	Board or designated sub-committee
2	Works INR >15 Crore <25 Crore Services < INR 2.50 Crore Goods < INR 2.50 Crore	MD, HPRIDC	High Value Evaluation Committee ²	MD, HPRIDC	Board or designated sub-committee
3	Works >INR 0.25 Crore <INR 15 Crore	CE-cum-PD, Zonal CE	Medium Value Evaluation Committee ³	CE-cum-PD, Zonal CE	MD, HPRIDC
4	Works <INR 0.25 Crore	CMU head	Low Value Evaluation Committee ⁴	CMU head	CE-cum-PD
5	Deposit to other GOHP departments	CMU head	CMU head	CE-cum-PD	n/a

Evaluation report to follow the prescribed format with clear recommendation for award or re-tendering as the case may be.

High Value Evaluation Committee comprises E-in-C, CE-cum-PD, General Manager, EE (Procurement). For Services, one knowledgeable outsider is to be included.

Medium Value Evaluation Committee comprises CE-cum-PD, SE, EE (Procurement), and General Manager.

Low Value Evaluation Committee comprises CMU head, one AE, one Finance Official from CMU.

The Engineer shall be defined in the works contract documents and shall generally be an independent supervision consultant for improvement or rehabilitation works and CMU/EE of HPPWD Field Unit for periodic maintenance works. In long run, EE of Field Units of HPRIDC shall be Engineer for maintenance works.

Large variation is defined as any material extension of the stipulated time for contract performance, agreeing to modification or waiver of conditions and any change order which would in aggregate increase the cost by more than 15%. Large variations are to be justified in a report with a cover memo in the prescribed format by the respective "engineer" for works and by the CE-cum-PD for other contracts. Approval of substitution of key staff for services rests with the CE-cum-PD

5.2 General

All contracts in India are to be within the framework of the Indian Contract Act, 1872, which lays down the general principles relating to formation, performance and enforceability of contracts. HPRIDC officers responsible for drawing up the contract documents should keep these principles in mind.

5.3 Definition

When two or more persons have a common intention communicated to each other to create some obligation between them, there is said to be an "agreement." An agreement which is enforceable by law is a "Contract."

According to Indian Contract Act, 1872 only those agreements are enforceable by law which are made by the free consent of parties competent to contract, for a lawful consideration and with a lawful object and are not expressly declared to be void. This is subject to any special law according to which a contract should be in writing and attested by witnesses.

For the purpose of an agreement, there must be a communication of intention between the parties there to. Hence in a Contract there is:

- a) A proposal and its communications
- b) A communication of the acceptance of the proposal

5.4 Types of Contract – based on Method of Payment

All Civil Works and Goods shall be procured in accordance with Procurement Guidelines and Standard Bidding Documents of the World Bank in case of externally funded projects. However, for domestic funded projects costing upto Rs. 10 crores Standard Bidding Document for "Procurement of Small Civil Works and Goods" duly approved by the Board of HPRIDC shall be used. For domestic funded projects more than Rs. 10 crore Standard Bidding Document for "Procurement of Large Civil Works and Goods" duly approved by the Board of HPRIDC shall be used. The most common types of contracts and their field of adoption are as under.

- i) Lump Sum Contracts
- ii) Item Rate (Unit Price) Contracts
- iii) Percentage Rate Contracts

5.5 Size of Contract

The size of individual contracts will depend on the magnitude, nature, and location of the project, administrative convenience and benefits.

5.6 Methods of Procurement

- a) International Competitive Bidding (ICB)
- b) National Competitive Bidding (NCB)
- c) Direct Contracting (DC)

5.6.1 International Competitive Bidding

ICB will be used where the size of package is very large (more than Rs 50 crore), or improved construction technology and materials and modern management practices are sought, or where lower cost and time and better quality standards are expected to be achieved.

5.6.2 National Competitive Bidding

NCB may be preferred where goods and services are available locally at prices below the international market, or where the works are labour intensive, or they are scattered geographically, or are spread widely over time.

5.6.3 Direct Contracting

Direct Contracting involves procurement from single source without competition and may be resorted to with the approval of Board in very exceptional cases like:

- a) The required equipment is proprietary and obtainable only from one source;
- b) The contractor responsible for a process design requires the purchase of critical items from a particular supplier as a condition of a performance guarantee; and
- c) In emergency cases, such as in response to natural disasters.

5.7 Procurement for ICB/NCB

The following steps are involved in procurement.

- a) Preparation of Bid (Tender) Documents
- b) Approval of Bid Documents by the tender accepting authority
- c) Public invitation for Pre-qualification (where so specified)
- d) Issue of Instructions to Bidders, and Pre-qualification Criteria
- e) Receipt of Applications for Pre-qualification, and their Evaluation
- f) Approval of Pre-qualification
- g) Invitation for Bids
- h) Issue of Bid Documents to prospective bidders
- i) Pre-bid meeting (if specified), issue of minutes and clarifications, with the approval of the authority who originally approved the bid documents
- j) Receipt of Bids
- k) Scrutiny of Bids and their Evaluation
- l) Negotiation (where warranted)
- m) Acceptance of Bid (or Rejection of Bids)

5.7.1 Format of Bid Documents

5.7.2 Format and Conditions of Bidding Documents

The format and conditions of the bidding documents shall be such as apportion the risks, responsibilities, and obligations between the Employer and the Contractor comprehensively.

5.7.3 Domestic Funded Projects

For domestic funded projects costing upto Rs 10 crore, HPRIDC will prepare a Standard Bidding Document for Procurement of Civil Works" duly approved by MD, HPRIDC may be used.

For domestic funded projects costing more than Rs 10 crore, Standard Bidding Document for Procurement of Civil Works duly approved by BOD, HPRIDC may be used.

5.7.4 Externally Aided Projects

For externally aided projects International Competitive Bidding (ICB), document of FIDIC 2005 (Federation Internationale des Ingenieurs Counseils i.e. The International

Federation of Consulting Engineers) for works of Civil Engineering Construction shall be followed, with suitable modifications, as per stipulation in the loan agreement in this regard.

5.8 Bid Documents

The Bid Documents will generally comprise the following:

Volume 1

- Invitation for Bids (IFB)
- Section I Instructions to Bidders (ITB)
- Section II General Conditions of Contract – Part I
- Section III Conditions of Particular Application – Part II

Volume 2

- Section IV Technical Specifications

Volume 3

- Section V Forms of Bid and Appendix to Bid
- Section VI Bill of Quantities
- Section VII Form of Bid Security (BG), Form of Performance Security (BG), Form of Advance Payment Security (BG), Form of Agreement
- Section VIII Schedules for Supplementary Information

Volume 4

- Section X Drawings

Volume 5

- Section XI documents to be furnished by the Bidder

The Bid shall be submitted by the Bidder as Volume 5 of the Bid documents in two parts which comprise the following documents.

Part I Technical Bid

- a) Bid Security for an amount and in form as specified in ITB.
- b) Power of Attorney.
- c) Qualification Information and supporting documents (if Pre-qualification has been done, original qualification will be updated).
- d) Evidence of access to a revolving line of credit (minimum 10% of the value of work.
- e) Undertaking for making available the required key equipment as specified.
- f) Undertaking for making available the required key personnel as specified.
- g) Annual audited turnover.
- h) Current contract commitments/works in progress.
- i) Financial data.
- j) Additional information regarding litigation, debarment, arbitration, etc.
- k) Joint venture agreement in case the bidder is joint venture.
- l) Proposed methodology and programme for execution of work duly supported by equipment planning and quality assurance procedures proposed to be adopted by the bidder.
- m) Affidavit.

Part II Financial Bid

- a) Form of Bid and Appendix to Bid – duly filled in and signed on each page
- b) Priced Bill of Quantities –duly filled in and signed on each page. Each part will be separately sealed and marked as per instructions. All the quoted rates and the amount in the BOQ shall be laminated.

The bidder shall prepare and submit only one copy (original) of the bid.

The following documents are deemed to be part of the Bid. However, these are not required to be submitted:

Volume 1

Invitation for Bids (IFB)

- Section I Instructions to Bidders (ITB)
- Section II General Conditions of Contract – Part I
- Section III Conditions of Particular Application – Part II

Volume 2

- Section IV Technical Specifications

Volume 4

- Section X Drawings

5.9 Guidelines regarding Bid Documents

Following guidelines shall be followed in the matter of procurement of Works.

- a) The bidding documents shall clearly define the scope of works to be performed, the goods to be supplied, the rights and obligations of the Supplier or Contractor, and the functions and authority of the Engineer (supervision consultant) employed by the Employer in the Supervision and administration of the contract.
- b) The bidding documents shall furnish all information necessary for a prospective bidder to prepare a bid for the goods and works to be provided. They shall be so worded as to encourage competition and shall set forth clearly and precisely the work to be carried out, the location of the work, the goods to be supplied, the place of delivery or installation, the schedule for delivery or completion, minimum performance requirements, and the warranty and maintenance requirements, as well as any other pertinent terms and conditions. In addition, the bidding documents shall define the tests, the standards, and methods that will be employed to judge the conformity of equipment as delivered or works as performed, with the specifications. Drawings shall be consistent with text of the specifications.
- c) Any ambiguity, discrepancy or conflict between various documents forming the Contract will be settled by prescribing the priority of document, viz.
 - i) Contract Agreement
 - ii) Letter of Acceptance
 - iii) Contractor's accepted Bid
 - iv) Conditions of Particular Application
 - v) General Conditions of Contract
 - vi) Technical Specifications
 - vii) Drawings
 - viii) Priced Bill of Quantities

- ix) Any other documents forming part of the Contract
- d) The basis for bid evaluation and selection of the lowest evaluated bid shall be clearly outlined. The bidding documents shall specify any factors, in addition to price, which will be taken into account in evaluating bids, and how such factors shall be quantified or otherwise evaluated. If bids based on alternative designs, materials, completion schedules payment terms etc. are permitted, conditions for their acceptability and method of their evaluation shall be expressly stated.
- e) Fee to be charged for the bidding documents shall be nominal, to cover only printing and advertisement charges. It may be Rs 20,000/- for works costing more than Rs 50 crore and Rs 15,000/- for works costing up to Rs 50 crore or as may be specified by HPRIDC.
- f) Bidders shall be required to submit bids valid for a period specified in the bidding documents, which shall be sufficient to complete the comparison and evaluation of bids and obtain all the necessary approvals so that the contract can be awarded within that time. Normally, this period should be four months after the date specified for opening of the bids.
- g) Bidders shall be assured of equal opportunity to obtain additional information. They shall be given access to project sites for visits, at their own cost. Where considered necessary, a pre-bid conference with the Employer's representatives, led by the Chief Engineer-cum-Project Director, shall be arranged to enable potential bidders to seek clarifications. After issue of minutes and of any clarifications or any addenda/ corrigenda, sufficient period shall be given for preparation and submission of bids.
- h) Standards and technical specifications shall be of those of the Ministry of Shipping, Road Transport & Highways, Indian Roads Congress, or Bureau of Indian Standards. Where these standards are not available or are found inadequate, those of internationally accepted organizations, with suitable adaptation to Indian conditions shall be accepted, subject to the Engineer's prior review and written approval of Chief Engineer-cum-Project Director, reference to brand names, catalogue numbers, or similar classifications shall be avoided. Should this become inevitable, the words 'or approved equivalent' shall be added after such reference. All materials, plant and other supplies to be incorporated in the Works shall be new, preferably of the most recent current models, and incorporate all recent Improvements.
- i) Bidders should be required to quote unit prices or lump sum prices for the performance of works, and such prices shall include all duties, taxes and other levies. Bids for goods shall be on the basis of CIF (cost, insurance, and freight to port of destination) / CIP (cost, insurance, place of destination) for imported goods and EXW (ex -works, ex-factory, or off the shelf) for locally available or manufactured or assembled materials, including those previously imported. Where inland transportation, installation, or commissioning are required to be performed by the bidder, he will be required to quote for these services, in addition.
- j) Bidding documents shall state how price adjustment shall be made to reflect any changes (upwards or downwards) in major cost components of the contract, such as labour, equipment, materials, and fuel. In the Price Adjustment formulae, the percentages to be assigned to labour, equipment, materials (cement, steel, bitumen and other general materials) and fuel (POL) should be realistic and appropriate to the type of work
- k) Currency of bid and payment shall be Indian Rupees. Where payment in foreign currency is permitted (as may be the case in externally aided projects), the bidder should be called upon to indicate the percentage(s) of

the bid price, (excluding provisional sums) needed by him for foreign currency requirements, which should be limited to only three currencies.

- l) Bidding documents shall clearly specify the following elements:
 - i) Amount and form of bid security and its validity period;
 - ii) Amount and form of performance security to be provided by the Contractor on award of work, as also the period of its validity;
 - iii) Amount and terms of advances for mobilisation, and equipment and materials;
 - iv) Method and periodicity of regular progress payments;
 - v) Retention amounts and their release;
 - vi) Liability and amount of liquidated damages;
 - vii) Bonus, if any, with conditions of eligibility; and
 - viii) Circumstances, necessity and the consequences of suspension/termination, and the procedure of final payment.
- m) There shall be provisions for the settlement of disputes.
- n) Provision shall be made that at all times, during the continuance of the Contract, the Contractor shall comply with all existing Acts, regulations and byelaws including statutory amendments and re-enactments of State and Central Governments and any other enactments, notifications and Acts that may be passed in future by the State or the Central Government or local authority. Model Rules for Labour Welfare and Sanitary Rules shall also be added.
- o) Bid documents should call upon the bidder to, prior to submitting the bid, visit and examine the site of works and its surroundings at his own expense, and obtain and ascertain for himself, on his own responsibility, all information that might be necessary for preparing his bid and entering into a contract. This would, inter alia, include the actual conditions of the site and area, availability of materials, labour and probable sites for labour camps and stores etc. He should take into consideration local conditions, traffic restrictions, any possible obstructions to work, and allow in his Contract Price for all such extras likely to be incurred as a result thereof. It should further be added that a bidder is deemed to have knowledge of the site and area, whether he inspects it or not, and no extra charges consequent upon any misunderstanding or otherwise shall be allowed.
- p) A stipulation should also be made that the bidder shall bear all costs associated with the preparation and submission of bids and that the Employer will, in no case, be responsible for any such cost regardless of the conduct or outcome of the bidding process.

5.10 Conditions of Contract

5.10.1 Standard Bidding Documents

The standard bidding documents (whether of HPRIDC or FIDIC) contain two sets of conditions, viz. General Conditions of Contract, referred to as Part I and suggested Special Conditions of Contract (also called Conditions of Particular Application), referred to as Part II. General Conditions should be incorporated unaltered, to facilitate their reading and interpretation by the bidders and the lending institutions, if any. These Conditions have been prepared for a unit price or item contract, and will require suitable modifications for other types of contracts.

5.10.2 Additions, Deletions or Variations

Any additions, deletions, or variations to the General Conditions felt necessary for a particular project shall be done by an appropriate entry in the Special Conditions. While drafting Special Conditions/Clauses, the circumstances warranting them shall be duly considered, including but not limited to the following.

- a) Where the wording in Part I specifically requires that further information is to be included in Part II and the conditions would not be complete without that information.
- b) Where the wording in Part I indicates that supplementary information may be included in Part II, but the conditions would still be complete without that information.
- c) Where the type, circumstances or locality of the works requires additional Clauses or Sub-clauses.
- d) Where the laws of the country, or exceptional circumstances necessitate alterations in Part I. Such alterations are affected by stating in Part II that a particular Clause, or part of a Clause in Part I, is deleted and giving the substitute Clause or part, as applicable.

5.10.3 Conditions of Special Nature

Conditions of special nature and project specific condition shall be rationally incorporated. Special Conditions shall be approved by the authority competent to accept the tender.

5.11 Eligibility of Contractors

5.11.1 Eligibility criteria

The following guidelines shall be followed except for externally funded works for which the guidelines of the funding agency shall be adopted.

- a) A firm that has been engaged by HPRIDC provide consulting services for the preparation or implementation of a project, and any of its affiliates (Associates, Subsidiary, JV Partner), shall not be eligible for subsequently providing goods or works (other than a continuation of the firm's earlier consulting services) for the same project.
- b) Government-owned enterprises may participate only if they can establish that they are legally and financially autonomous and that they operate under commercial law.
- c) A firm declared ineligible by HPRIDC for indulging in corrupt or fraudulent practices shall be ineligible to bid for HPRIDC project during the period determined by HPRIDC.
- d) A firm determined non-performing by HPRIDC shall not be eligible to bid during the period so determined.

5.11.2 Pre-qualification

Pre-qualification shall be necessary for all works costing more than Rs.250 crore and other complex or special works, irrespective of their value, to ensure that the prospective bidders can perform the particular contract satisfactorily, taking into account their (i) experience and past performance on similar and particular contracts (ii) capabilities with respect to personnel, equipment, and construction or manufacturing facilities, and (iii) financial position. In this, two-stage bidding process will be followed. In the first stage, proposals will be invited from the bidders for their pre-qualification. Financial bids, in the second stage, will be invited from the pre-qualified bidders. In addition, other technical details, as specified in the bid documents, are also asked for.

5.11.3 Post-qualification

Generally for works costing between Rs. 5 crore and Rs. 50 crore, and for works under special circumstances, contractors shall be post-qualified. In that case the procedure and criteria of qualifying a contractor will be much the same as that for pre-qualification. In this, bids will be received in two covers: one cover containing the Technical proposal and the other containing the Financial bid. The Financial Bid of only those bidders who meet the minimum technical standards will be opened and considered for evaluation.

5.11.4 Registered Contractors

For works costing less than Rs. 5 crore, besides open bidding, the option of inviting bids from contractors registered with the HPPWD and CPWD, may also be considered. The registered contractors would be eligible to tender for the class(es) of work(s) for which they are registered and up to the limits of their registration and area of operation.

5.12 Pre-qualification Process

The process will start with short-listing of contractors by issuing an advertisement inviting applications for pre-qualification. Those who respond will be issued letter of 'Instructions to Applicants', which shall contain, among other things, the following:

- a) scope of work (in physical as well monetary terms);
- b) Pre-qualification criteria for single contractors and joint ventures;
- c) disqualification clause for misleading statements, or the applicant found to be ineligible on the basis of facts;
- d) various questionnaires and forms, required to be answered and filled by the prospective applicant, in support of pre-qualification;
- e) form of affidavit by the applicant in certification of the statements made and information given by him;
- f) indicative requirements of qualifications and experience of key personnel for the project;
- g) indicative requirements of annual production rates of key items of work;
- h) indicative requirements of major plant & equipment;
- i) indicative quantities of major items of work;
- j) description of the project area, its climate and language, site of work and means of access; and
- k) key plan of project area along with site plan.

5.13 Pre-qualification Criteria

5.13.1 Standard Pre-qualification Document

HPRIDC shall prepare and issue standard pre-qualification document for procurement of civil works. This document shall be followed uniformly.

To be qualified for award of the Contract, bidders shall provide evidence to the Employer of their capabilities and resourcefulness to carry out the contract effectively. In addition, any requirement of the foreign lending institutions, like the World Bank, ADB and JBIC that the bidders shall belong to the eligible member countries listed by them shall be met with.

Principal factors to be used for evaluation are: General Construction Experience; Particular Construction Experience; Financial Capabilities; Personnel Capabilities; Equipment Capabilities; Performance in Past Projects, and Bid Capacity. Specific criteria of 'pass' for each attribute will be as specified in the Standard Pre-qualification document. The general description is:

- a) General Construction Experience
The Applicant should have been actively engaged in civil works construction business for similar work at least for 5 years immediately prior to the date of submission of application.
- b) Turnover
The Applicant should have generated the specified minimum average annual construction turn over during the above period.
- c) Particular Construction Experience
(i) The Applicant should have successfully completed or substantially completed, within the last 7 financial years, at least one contract of the specified percentage of the contract value in question and which is similar to the one now being proposed and (ii) The Applicant should also have achieved the minimum annual production rates of the key construction activities stipulated.
- d) Personnel Capabilities
The Applicant's key personnel, as listed in the PQ document, should be suitably qualified and experienced, and meet the requirements of qualification and experience specified.
- e) Financial Capabilities
(i) The Applicant should have access to, or possess available liquid assets and other financial means (independent of any contractual advance payments) sufficient to meet the construction cash flow requirements for the subject contract, of the certain minimum amount specified, (ii) The Applicant should have adequate sources of finance to meet the cash flow requirements of works currently in progress and for future contract commitments and (iii) The Applicant should possess financial soundness as established by audited balance sheets and/or financial statements.
- f) Equipment Capabilities
The Applicant should own, or have assured access (through hire, lease, purchase agreement, other commercial means) to the specified key items of equipment, in full working order, and satisfy that, based on known commitments, the same will be available for timely use on the proposed contract.
- g) Litigation History & Past Performance
A consistent history of unsuccessful or bad litigation or poor performance in past contracts, e.g. unsuccessful completion, or excessive delays cast a shadow on the contractor's capability, even if all other criteria are met with. A decision to disqualify has to be based on solid evidence (references) from the previous Employers to substantiate that non-performance resulted from a default by the applicant. The Employer should seek independent verification from the references in case of doubt.

h) Bid Capacity

The bidder should possess the bidding capacity as calculated by the specified formula. The formula generally used will be: $\text{Bid Capacity} = A \times N \times 1.5 - B$, where A = Maximum value of civil engineering works executed in any one year during the last 5 years (updated at the current price level), taking into account the completed as well as works in progress.

N = Number of years prescribed for completion of the work in question.

B = Value (updated at the current price level) of the existing commitments and ongoing works to be completed in the next 'N' years.

A bidder may be awarded more than one contract if he: (a) meets the pre-qualification criteria of each of them; (b) demonstrates having the resources in respect of financial, personnel and equipment capabilities to meet the aggregate of the specified capabilities for each contract, and (c) has bidding capacity at the time of bidding, as calculated by the above formula, more than the total estimated cost of these works.

5.13.2 Pre-qualification Forms

The basic information, to evaluate these various factors, shall be compiled on a uniform pattern in the Pre-qualification Forms given in the standard Pre-qualification Document. These forms generally will be:

- a) General Information (Name, Address, Ownership);
- b) Organisation, History, Experience;
- c) Annual Turnover;
- d) Summary of Current Contract Liabilities and Commitments;
- e) Financial Data;
- f) Evidence of Access to Credit;
- g) Joint Venture Data;
- h) Experience in Contracts of Similar Nature;
- i) Experience in Contracts of Similar Site Conditions;
- j) Key Personnel Proposed for the project/Personnel Capabilities;
- k) Equipment Available/Proposed for the Project;
- l) Proposed Site Organisation;
- m) Proposed Subcontractors; and
- n) Litigation history/Current Litigation.

The above forms are required to be filled by the applicant and sent to the concerned office of HPRIDC along with (a) an affidavit in authentication of the information given by him and (b) a forwarding letter stating among other things that the bids by pre-qualified applicants will be subject to verification of all information submitted for pre-qualification at the time of bidding'.

5.13.3 Joint Ventures

Joint Ventures may be permitted to bring together the resources (physical, financial, personnel) that may be deficient within the structure of one partner. However, Joint Ventures should be (i) permitted only if the size of the contract exceeds a certain specified value (Rs. 50 crore), and (ii) limited to only three partners. JV should not be in name only, with a view to enhancing the prospect of contract award.

When the pre-qualification application is made by the Joint Venture, the evidence of clear mandate willing to form the Joint Venture shall be submitted along with. The Joint

Venture agreement to be submitted by the applicants shall comprise, but not limited to, the following provisions:

- a) Name and style of Project-specific JV, with head office address;
- b) Management structure of JV with details;
- c) Extent of participation of each party in the JV;
- d) Name of Lead partner and empowerment to him by the JV to attend negotiations and incur liabilities on behalf of JV;
- e) Commitment of each party to furnish the Bid Security, Performance Security, Security for mobilisation advance in proportion to their respective share;
- f) Responsibility of each partner of JV, including personnel, plant & equipment;
- g) Working Capital arrangement of JV;
- h) Opening of separate bank account in the name of JV, to be operated at least by one foreign and one local partner (in case of JV between two local partners, both the partners are required to operate);
- i) Provision of remedy, in case of non-performance of responsibility by any party;
- j) Parties/firms committing themselves to the Employer (HPRIDC) for being jointly and severally responsible for the intended works; and
- k) Power of Attorney to be duly notarized from the country of origin of the foreign partner for his part.

Any change in the formation of a pre-qualified joint venture shall be subject to the written approval of HPRIDC prior to the deadline for submission of bids. This approval shall be denied if: (i) the remaining partners do not meet the qualifying requirements or (ii) the new partners are not qualified, individually or as another joint venture or (iii) in the opinion of the Employer, substantial reduction in competition may result.

5.13.4 Pre-qualification of Joint Venture

For pre-qualification, the joint Venture should fulfill the criteria specified in the Standard Pre-qualification Document. The attributes to be evaluated will be the same as for individual contractors; however, certain parameters up to the specified limits have to be essentially met by them collectively, some by the Lead partner, and some by the other partner, as briefly described below.

- a) Qualifying Factors to be met collectively: (i) average annual turn over from construction; (ii) particular construction experience and key production rates; (iii) construction cash flow for the subject contract; (iv) personnel capabilities, and (v) equipment capabilities.
- b) Qualifying Factors for Lead Partner: (i) general construction experience; (ii) particular construction experience, average annual turn over from construction,) financial capability to meet cash flow requirement of subject contract –in proportion to their partnership in JV but not less than of 50% of the respective limits prescribed for individual contractors may be accepted; (v) adequate sources to meet financial commitments on other contracts; (vi) financial soundness, and (vii) no adverse past performance litigation history.
- c) Qualifying Factors for Other Partner: same as for Lead Partner except that for the factors specified in (b) (iv) above, a lower limit of 25% may be accepted instead of 50%.

5.13.5 Disqualification

Even if an applicant meets the pre-qualification criteria, he shall be subject to disqualification if he or any of the constituent partners is found to have:

- a) made misleading or false representations in the forms,' statements and attachments submitted; or
- b) records of poor performance during the last 5 years, as on the date of application, such as abandoning the work, rescission of contract for reasons which are attributable to non-performance of the contractor, inordinate delays in completion, consistent history of litigation resulting in awards against the contractor or any of the constituents, or financial failure due to bankruptcy, etc. The rescission of a contract of joint venture on account of reasons other than non-performance, such as the Most Experienced Partner (Major Partner) of joint venture pulling out, court directions leading to break-up of joint venture before start of the work, which are not attributable to poor performance of the contractor, will, however, not affect the pre-qualification of the individual partner; or
- c) shown very poor performance in implementation of the works of HPRIDC and determined non-performing by HPRIDC; or
- d) been barred by HPRIDC as on the date of application; and
- e) in case of a proprietary firm, partnership firm or a joint venture, the following are the disqualifications in case of failure to disclose information by partners or the proprietor.
 - i) if, any of the partners or the proprietor is debarred by HPRIDC or any other Agency of Government of India or the State Government;
 - ii) if, any of the partners or the proprietor has a criminal history or has been convicted by any court of law for any of the offenses under any Indian laws;
 - iii) if, any criminal proceeding is pending in any court of law in Indian against any of the partners or a proprietor and if any such proceeding culminates into conviction in last five years.

5.13.6 Updation of Pre-qualification Information

Bidders are required to update their financial (or any other) information at the time of submitting the bids, to confirm their continued compliance with the qualification criteria and furnish verification of the information provided. A bid may be rejected if the Applicant's qualification thresholds are no longer met at the time of bidding.

5.13.7 Evaluation of Pre-qualification Applications

For opening and evaluation of PQ Documents, a committee shall be constituted with the approval of the MD. It shall consist of three technical officers and one officer of the Finance wing. In the process of evaluation, the following safeguards shall be taken:

- a) contract and personnel experience shall be supported by past client references;
- b) applicant's bona fides, performance and suitability shall be checked;
- c) emphasis shall be on performance and experience of the personnel, and not merely on their academic qualifications;
- d) data supplied by the applicants without supporting details shall not be accepted, until and unless substantiated;
- e) arrangement of sub-contracting shall conform to contract conditions, and their capability duly assessed; and
- f) arrangement of joint venture shall be examined in detail.

5.14 Bid Security

Each bidder shall furnish bid security as a part of his bid at the following rates:

- a) two percent of the estimated cost for all works.

The Bid security shall be in favour of HPRIDC and may be in one of the following forms.

- a) Deposit-at-call Receipt from any scheduled Indian Bank or a foreign Bank located in India and approved by the Reserve Bank of India (RBI).
- b) Fixed Deposit Receipt, a certified cheque or an irrevocable letter of credit, issued by any Scheduled Indian Bank or a foreign Bank approved by the Reserve Bank of India.
- c) Bank Guarantee issued by the following banks.
 - i) State Bank of India or its subsidiaries,
 - ii) Any Indian nationalized Bank,
 - iii) IDBI or ICICI/ICICI Bank,
 - iv) Export Import bank of India,
 - v) A Foreign Bank (issued by a branch outside India) with a counter guarantee from SBI or its subsidiaries or any Indian Nationalized Bank,
 - vi) Any Scheduled Commercial Bank approved by RBI having a net worth of not less than Rs,500 crores as per the latest Annual Report of the Bank. In the case of a Foreign Bank (issued by a branch in India), the net worth in respect of the Indian operations shall only be taken into account.

The acceptance of the guarantee shall also be subject to the following conditions:

- a) The capital adequacy of the Bank shall not be less than the norms prescribed by RBI (presently 9, with effect from 31st March 2003, 10)
- b) The bank guarantee issued by a Cooperative Bank shall not be accepted.

The bank guarantee shall be got confirmed as per the procedure mentioned in Para 5.38.

All such BGs and bid security received in other forms shall be maintained by the concerned Finance wing at the Headquarter. It shall be the responsibility of the Finance wing to monitor the validity of the BGs (a register shall be maintained for this purpose) and ensure extension of the validity of the BGs in terms of the contract. Such BGs shall be released strictly in terms of the contract with the approval of the MD.

Bank guarantees (and other instruments having fixed validity) issued as surety for the bid shall remain valid for 45 days beyond the validity of the bid.

The bid security may be forfeited:

- a) if the bidder withdraws his bid during the period of bid validity;
- b) if, the bidder does not accept the correction of his bid price,
- c) in the case of a successful bidder, if he fails, within the specified time limit to
 - i) furnish the required performance security or.
 - ii) sign the Agreement.

Bid security of the unsuccessful bidders should be discharged/returned without interest as promptly as possible. The Bid security of the successful bidder shall be discharged when he has signed the Agreement and furnished the required performance security.

Any Bid not accompanied by requisite bid security shall be straight away rejected as non-responsive.

5.15 Call of Tenders

Detailed Project Report for the project should be accepted by the Board before Bids are invited

Before invitation of bids, the bid documents shall formally be got approved from Board.

Before calling of bids for a project, approval of MD HPRIDC shall be taken in each case.

While approving the Invitation for Bids (IFB), it will be ensured that:

- a) there is no ambiguity, contradiction, or duplication in the nomenclature of items, conditions of contract, specifications and drawings;
- b) the specifications and drawings are capable of implementation at site; and
- c) the time stipulated to complete the job is adequate. EE (Technical/Design) will check each page of bid document, see that the correction slips/modifications made are numbered and signed in token of approval, and give the certificate: 'Certified that I have personally checked each and every page of the bid document and that I am satisfied with the correctness and accuracy of the document.'

Period given for submission of Bids should be adequate to enable the bidder make his investigations, visit the site, carry out his costing, and quote realistically. For domestic Bids this period may be 30 to 60 days. For ICB, this period will depend on the stipulations of the lending institution.

For urgent works, Short Term bids may be invited, with the approval of the MD. In such cases the period for submission of bids may be 15-20 days depending upon nature & urgency of work.

5.16 Publicity of Tenders

Advertisements of tender notices shall be done as per provisions under Para 3.16 & 3.17. The tenders shall be invited in the name of the HPRIDC.

5.17 Sale of Tenders

Tender documents should be prepared and kept ready for sale before the issue of IFB. Contractors desiring to tender should make a written application. It is responsibility of the EE to see that tender documents are made available with complete set of drawings to the contractors as soon as their applications are received. Their acknowledgement for receipt of tender documents shall be obtained on the requisition itself. The price of tender documents will be uniformly fixed on slab basis of the cost of works.

Each tender document issued must contain the following information:

- a) name of work
- b) name of contractor
- c) date of receipt of contractor's application
- d) date of issue of tender
- e) serial number of tender
- f) scheduled date and time of opening the tenders

5.18 Pre-Bid Meeting

For tenders of maintenance works or original works costing more than 500 lakhs or works of specialized nature, 'Instruction to Bidders' should contain a provision inviting the bidder or his official representative to attend a pre-bid meeting at a specified place and time. For the Employer to be able to answer questions on any matter that may be raised at that stage, the bidder should be requested to submit any question in writing by

cable or fax so as to reach the Employer not later than one week before the meeting. The meeting should be chaired by CE-cum-PD.

Minutes of the pre-bid meeting shall be prepared and got approved from MD. In case the MD feels that the minutes involve some policy decision or any departure from the Standard Bid Documents, he may show the minutes to the Borad. Minutes of the meeting, including the text of the questions raised and the responses given, shall be transmitted without delay to all purchasers of the bidding documents. The Employer, through the issue of a separate addendum/ corrigendum, shall make any modification of the bidding documents, which may become necessary as a result of the pre-bid meeting. Non-attendance at the pre- bid meeting will not be a cause for disqualification.

After the issue of any clarifications/modifications consequent to pre-bid meeting, at least two clear weeks should be given for submission of bids.

5.19 Preparation and Submission of Bids

The gist of procedure for submission, safe custody and evaluation of technical and financial bids as well as other aspects of open tender system is also described below.

The bidder should prepare the bid in the manner prescribed in the tender documents (Instructions to Bidders). It will be accompanied by all the supporting documents, certificates, clearances and bid security as stipulated in ITB, and in the form prescribed therein. The bid shall remain valid and open for acceptance for a period specified in ITB after the date of Bid opening prescribed. Each bidder will submit only one tender. No bidder shall be allowed to participate in the bid of another for the same contract in any relation whatsoever. The bid shall be sealed, marked as per instructions in ITB and submitted before the time and date (or extended date, if any) and at the place specified. If the Employer declares such a date (or extended date) as a public holiday in the receiving office, the next official working day would be deemed as the last day for the submission of bids. Any bid received after the deadline for submission of bids shall be returned unopened.

The bidder may modify or withdraw his bid through a written notice so as to reach the office of the Designated Officer of HPRIDC before the deadline of submission of bid. No bid shall be withdrawn between the deadline for submission of bids and the expiry of the period of validity of bids specified. Withdrawal of bids in any form whatsoever during this interval may result in the forfeiture of Bid Security.

5.20 Opening of Bids and their Examination

5.20.1 Technical Committee

A Tender committee, as per Table 1 approved by the Board, HPRIDC will open and later evaluate the bids.

The committee shall open the bids at the prescribed time, date and place, in the presence of such bidders who may wish to be present. If the prescribed date comes to be declared by the Employer as a public holiday, the next official working date would be deemed as the date of opening of bids. The bidder representatives who are present shall sign a register evidencing their attendance.

5.20.2 Opening of Technical Bids

The 'Technical Bids' of all bids received before the deadline for submission will be opened first. All the bids should be arranged in an order and assigned serial numbers like 1/5, 2/5, 3/5, the denominator indicating the total number of bids received. Envelopes marked 'withdrawal' will be opened and read. Bids for which acceptable notice of withdrawal has been submitted will not be opened.

Bidders names, 'withdrawals', 'modifications of technical bids', the presence (or absence) of bid security and such other details as the Employer may think appropriate, will be announced at the opening.

As the bids are to be submitted in hard bound form signing of covering letters and index page by all the committee members is sufficient. Minutes of the bid opening will be prepared including the information to those present.

In case the bids are received in "three bid system" comprising (i) other submissions (ii) technical bid (iii) financial bid, the "other submissions" will be opened first. Technical bids of those qualifying on the basis of other submissions will be opened. Opening and evaluation of technical and financial bids shall be carried out as per the procedure for "two bid system" as prescribed hereinafter.

5.20.3 Examination of Technical Bids

Technical bids accompanied by Bid security, and on getting its validity confirmed with the issuing bank, will be examined to determine whether each bid has been properly signed, meets the eligibility and qualifications criteria, is accompanied by the requisite certificates undertakings and other relevant information specified, and is substantially responsive to the requirements of the 'Bid documents'.

5.20.4 Opening of Financial Bids

The committee will open the 'Financial Bid' (including 'modifications of financial bids') of those bidders whose Technical Bid has been found to be substantially responsive, in the presence of bidders or their representative who choose to be present, on the date which will be intimated to such bidders, at least three days in advance.

The officer opening the bids shall mark all errors, over-writings, and cuttings, and number them serially in red ink on each page e.g. E/I, E/2, O/I, O/2, C/I, C/2 , initial them and give their respective totals at each page. Each page should be signed by all of the members.

Bidders' names, the bid prices, the total amount of each bid, any discount, 'modifications of financial bids' and such other details as the committee may consider appropriate will be announced by the committee at the opening. The absence of reading of rates of items, especially when demanded, is likely to create apprehensions. The Bid Prices should also be displayed on computer screen, where possible.

Any ambiguities in rates quoted by the bidders, in words or figures, shall be clearly indicated on each page of the schedule. In case where the tendered rate is in rupees and no 'paise' is mentioned, the word 'only' shall be incorporated under dated initials of the officer opening the tenders. Where the bidder has omitted to quote the rates in figures or in words, such omission shall be recorded.

The committee will prepare minutes of the meeting including the 'spot' comparative statement and other information disclosed.

5.21 Determination of Responsiveness

The committee will examine the 'Financial Bids' to determine whether each bid has been properly signed and is substantially responsive. For this purpose, a substantively responsive bid is one that conforms to all the terms, conditions and specifications of the tender documents without material deviation and reservation. A material deviation or reservation is one:

- a) which affects in any substantial way the scope, quality, or performance of the works; or

- b) which limits in any substantial way the Employer's rights or the bidder's obligations; or
- c) whose rectification would affect unfairly the competitive position of other bidders which are substantially responsive.

If a bid is not substantially responsive to the requirements of the bid documents, it shall be rejected with the approval of the authority empowered to accept the bid in the first instance, and may not subsequently be made responsive by correction or withdrawal of the non-conforming stipulation.

5.22 Correction of errors

Substantially responsive financial bids will be checked for any arithmetic errors. Arithmetic errors will be rectified on the following basis.

- a) If there is a difference between the amount of rate in figure and in words of an item, and the total amount is worked out, then the rate which corresponds to the amount worked by the bidder shall be taken as correct.
- b) If the bidder has not worked out the amount of an item, or the same does not correspond with the rates written either in figures or in words, then the rate quoted by him in words shall be taken as correct.
- c) If the rate quoted by the bidder in figures and in words tallies, but the amount is not worked out correctly, the rate quoted by the contractor shall be taken as correct and not the amount.

5.23 Clarification of Bids

To assist the process of examination, evaluation and comparison of bids, the Employer may ask the bidder individually for clarification, if any, of their bids, including breakdown of unit rates and price. The request for clarification and the response shall be in writing, but no change in the price or substance of the bid will be sought, offered or permitted, except as required to confirm the correction of arithmetical errors discovered by the Employer in the course of scrutiny.

5.24 Confidentiality of Process

Information relating to the examination, clarification, evaluation and comparison of bids, and recommendations for the award of a contract, shall not be disclosed to bidders or any other person not officially concerned with such process until the award to the successful bidder has been announced.

From the time of bid opening to the time contract award, no bidder shall contact the Employer on any matter related to the bid, except on request and prior written permission.

Any effort by the Bidder to influence the Employer in bid evaluation, bid comparison or contract award decisions will result in the rejection of the Bidder's bid.

5.25 Correction of Bids

Bids determined to be substantially responsive will be checked for any arithmetical errors. This may preferably be done by on-the-spot arithmetical checking the rates quoted by the bidder by entering in the computer (to be displayed on screen through OHP/Plasma Screen) which will automatically calculate the correct amount after multiplying with the pre-fed BOQ. One representative of HQPIU shall arrange the computer/OHP/Plasma screen etc required for this purpose and assist the Committee in the evaluation.

In case on-the-spot arithmetical checking is not possible in view of large number of bids, this may be done manually subsequently. The quoted rates in the bids shall be protected with lamination by the Committee, if not done by the bidders.

The arithmetical corrections will be done by the representatives of the finance wing & concerned (technical) wing in the Committee, whose responsibilities in this behalf are as under:

- a) They are responsible for seeing that satisfactory and efficient arrangements are made for checking and computation of the bids;
- b) They should conduct personally a test check to a sufficient extent to satisfy himself reasonably that the checking work has been properly done;
- c) They should see that the comparative statement correctly incorporates the total as checked in the individual bids; and
- d) They shall record the following certificate on the comparative statement:
'Certified that I have personally conducted a test check of the bids including the three lowest bids and have satisfied myself that the checking work has been properly done. The comparative statement correctly incorporates the totals as checked on the individual bids'.

In accordance with the corrections as approved by the Tender Committee, the amount stated in the bid will be adjusted with the concurrence of the bidder, and the same shall be binding on him. If the bidder does not accept the corrected amount, the bid will be rejected and the bid security forfeited.

5.26 Evaluation and Comparison of Bids

The evaluated bid Prices will be adjusted after taking into account (i) correction for errors; (ii) adjustments for any acceptable variations, deviations and, (iii) adjustments to reflect any discounts or other modifications offered. Variations, deviations, or alternative offers and other factors which are in excess of the bidding documents or otherwise result in unsolicited benefits for the Contractor should not be taken into account in bid evaluation. Duties, taxes and other levies will not be considered in evaluation of bids. If the bid of the successful bidder is seriously unbalanced in relation to the estimate of the cost of the work, the Employer may ask the bidder to produce detailed price analysis for any or all the items of Bill of Quantities, to demonstrate the internal consistency of those prices with the construction methods and schedule proposed. After evaluation of this analysis, the Employer may require that the amount of performance security be increased to a level sufficient to protect the Employer against financial loss in the event of default of the successful bidder under the Contract.

5.27 Acceptance of Bids

After the evaluation of the bids, the Tender Committee will give its recommendations in clear words indicating the name of the bidder whose bid is recommended by them along with the total bid amount recommended for acceptance/approval by the Competent Authority. Accordingly, the minutes of the Tender Committee shall be prepared wherein any doubt or discussions of the Committee Members inter-se must be highlighted in detail before giving final recommendations of the Committee as stated above.

The Competent Authority may accept bids on the recommendations of the Tender Committee. In case of externally assisted projects, the concurrence of the lending institution shall be obtained before accepting the bid.

Well before the expiration of validity period of the bid, the Employer shall notify the successful bidder by fax confirmed by registered letter that his bid has been accepted. This letter (called the 'Letter of Acceptance') shall specify the sum that the Employer will pay to the Contractor in consideration of execution and completion of the work and

remedying of any defects therein. This notification (Letter of Acceptance) will constitute the formation of the contract, subject only to the furnishing of a performance security within the stipulated period.

After the receipt of the performance security and its verification the Employer will direct the Contactor to attend the Employer's office on a date determined by the Employer for signing the Form of Agreement. In the event of the successful contractor failing to sign the Agreement or furnish performance security, the Employer shall be free to annul the award, forfeit the bid security and take any other remedy for breach of Contract.

Upon furnishing by the successful bidder of the performance security the Employer will promptly notify the other bidder that their bids have been unsuccessful, and return their bid security.

5.28 Rejection of Bids

The Employer shall reserve the right to accept or reject any bid or all bids, recall the tender and to annul the bidding process, at any time before the award of its work, without thereby incurring any liability to the affected bidder(s) or any obligation to inform the affected bidder(s) of the grounds for this action. However, clear, logical reasons for any such action for rejection/recall of tenders should be recorded on the file.

In case of externally assisted projects, the stipulation in the loan agreement regarding acceptance or rejection of bids, if any, shall be kept in view.

5.29 Negotiations

As a general rule, negotiations should not be resorted to. However, they may become necessary in certain situation. CVC guidelines in this regard stipulate as under.

- a) There should not be any negotiations. Negotiations if at all shall be an exception and only in the case of proprietary items or in the case of items with limited source of supply. Negotiations shall be held with L-1 only. Counter offers tantamount to negotiations and should be treated at par with negotiation.
- b) Negotiations can be recommended in exceptional circumstances only after due application of mind and recording valid, logical reasons justifying negotiations. In case of inability to obtain the desired results by way of reduction in rates and negotiations prove infructuous, satisfactory explanations are required to be recorded by the Committee who recommended the negotiations. The Committee shall be responsible for lack of application of mind in case its negotiations have only unnecessarily delayed the award of work/contract.
- c) In case of L-1 backing out there should be re-tendering as per extant instructions.

The original terms and conditions of the bid should not be varied while negotiating. A record of the negotiations will be kept, which will form part of the agreement along with undertakings given by the contractor.

5.30 Guidelines for acceptance and award of single tenders

The acceptance of single tender should not be encouraged. It shall be an exception and not a general rule. Following guidelines shall be followed in this regard.

- a) In case only a single bid is received by the due date of receipt, normally the tender process may be cancelled and re-bidding done by giving 4 weeks notice except in cases where due to other reasons like difficult conditions, law and order etc., the tender response is expected to be poor.

- b) In case of re-bidding, change from pre-qualification to postqualification may also be considered and resorted to if that would help increase response of tender.
- c) In case re-bidding/change to post-qualification also results in receipt of single bid then it should be opened and the bid amount should be compared with the estimated project cost. In case the bid amount is within 15% of the estimated cost, then acceptance of the bid may be considered with proper justification and reasons.
- d) If the justification given for acceptance of the bid is found reasonable then tender for works estimated to cost upto Rs 5 crores can be accepted by the MD, HPRIDC and tender for works estimated to cost more than Rs. 5 crores can be accepted with the approval of the BOD of HPRIDC.
- e) In cases where due to reasons like difficult conditions, law and order, likelihood of poor response etc., it is decided to open the single bid without going for re-bidding, then for acceptance, above guidelines shall be applicable as are prescribed for acceptance of tenders where re-bidding is resorted to.

5.31 Custody of Bids

The bids will remain in the custody of EE (Contract Management).

5.32 Time schedule for bidding activity

A strict time schedule should be followed for evaluation of bids and award of contracts. The entire process from the date of receipt of bids to award of contracts should generally be completed within 60 days. In case of externally aided projects, this time schedule will depend upon the time for approval of process at various stages by the aid agency.

5.33 Time schedule for construction

Following time schedule for completion of the projects may generally be aimed at.

- a) Road Project costing less than Rs.200 Crores: 1.5-2.5 years
- b) Road Project costing above Rs. 200 Crores: 2.5-3.0 years
- c) For projects in more hilly areas, heavy rainfall areas or in any other special geographical conditions, the above time limit may be extended by another 6-12months
- d) For bridge projects the time schedule may be prescribed depending upon the nature and complexity of the bridge.

5.34 Performance Security

The successful bidder shall be required to furnish to the Employer a performance security within 28 days of the receipt of Letter of Acceptance, in an amount equivalent to 10 % (ten percent) of the contract price plus additional security for unbalanced bids. The Performance Security to be provided by the successful bidder in the form of a bank guarantee as per prescribed format shall be issued from any nationalized Indian bank/IDBI/ICICI/Export Import bank/Foreign bank with counter guarantee from any nationalized Indian Bank/any RBI approved scheduled commercial bank having net worth of more than Rs. 500 crore of Indian Operation and acceptable to Employer. In case of Joint Venture (JV), the Bank Guarantee towards performance security shall be provided by all partners in proportion to their participation in the project.

The Bank Guarantee for performance security shall remain valid until a date 365 days (or as specified in the Contract) after expiry of Defects Liability Period.

The Bank Guarantee for performance security shall be submitted invariably in the format given in the Standard Bidding Document.

5.35 Retention Money

A retention amounting to six (6) percent shall be deducted from each running bill (interim payment), the total retention being pegged at five (5) percent of contract price. The Contractor may, at his option, replace the retention amount with an unconditional bank guarantee from the bank acceptable to the Employer at the following stages:

- a) After the amount reaches half the value of the limit of retention money
- b) After the amount reaches the maximum limit of retention money One-half of the retention money (or bank guarantee, which replaced retention money) shall be released on the issue of Taking- over- Certificate; if the Taking-over Certificates are issued in parts, then in such proportions as the Engineer may determine, having regard to the value of such part or section. The other half of the retention money (or bank guarantee, which replaced retention money) shall be released upon expiration of 365 days after the Defects liability period of the Works or final payment whichever is earlier on certification by the Engineer. In the event of different Defect Liability Periods being applicable to different sections or parts, the expiration of Defect Liability Period shall be the latest of such periods.

5.36 Advance Payments

An interest bearing mobilization advance shall be paid to the contractor exclusively for the costs of mobilization at 5% of contract price on the provision by the contractor of an unconditional bank guarantee. Such bank guarantees shall remain effective until the advance payment has been fully repaid, but the amount thereof shall be progressively reduced by the amount repaid by the Contractor, as indicated in the Interim Payment Certificates.

The aforesaid advance of 5% shall be paid. The advance shall be paid on commencement of the work and provision by the Contractor of unconditional bank guarantee in respect of the advance.

Another interest bearing advance of five (5) percent of contract price, depending on the merits of the case, shall be paid against the new key construction equipment purchased for the work and brought to the site, if so requested by the Contractor. This advance shall be subject to the conditions: (i) the Contractor shall produce satisfactory proof of payment; (ii) such equipment are considered necessary by the Engineer for the Works; (iii) these equipments have been verified to have been brought to site; (iv) the Contractor gives an undertaking on stamp paper that the equipment will work only on that job and will not be removed from the site without obtaining written approval from the 'Engineer'; and (v) Contractor furnishes bank guarantee to cover the advance. No advance shall be admissible on equipments purchased under hire purchase scheme/financing arrangement or on hired equipments etc.

The rate of interest shall be 10% per annum or as may be notified by the HPRIDC from time to time.

The repayment of advances shall be done through percentage deductions form interim payments. The time of commencement of repayment, rate of deductions from interim payments, and the time by which the advance should be fully repaid will be as specified in the Contract.

The advances shall be used by the Contractor exclusively for mobilization expenditures, including the acquisition of construction related plant and equipment. Mobilization expenditures mentioned herein shall not include the margin money and bank commission etc. paid by the contractor for procurement of BGs against performance security and mobilization advance etc. Should the Contractor misappropriate any portion of the advance, it shall become due and payable immediately, and no further advance will be

made to the Contractor thereafter. In such cases the contractor shall also be liable for appropriate action under the contract.

5.37 Secured Advance

Secured Advance for non-perishable materials brought to site and tested to satisfy the specification requirements but not yet incorporated in the Works will be made up to 75% of invoice value, or the 75% of the corresponding value of the materials determined on the basis of BOQ rates, whichever is less, subject to the condition that their quantities are not excessive and shall be used within a period of 90 days and subject to other stipulations in the Contract. The Contractor will be required to sign an indenture bond, hypothecating the goods to the HPRIDC, and also be responsible for their safe custody. It may be ensured that the contractor has not taken any loan/ limit from banks against hypothecation of the materials against which the secured advance is claimed. An undertaking in this regard may also be taken from the contractor.

Generally, as per the provisions of the contracts, the contractors are required to submit proof of cost of materials and the delivery of material at site while claiming such advances. The stock register should be maintained from the commencement of the contract and unless otherwise prescribed in the contracts, the stock, so considered for advance should generally be only paid stock (and not brought on credit). Where the materials are supplied from a captive source of contractor, the reasonableness of the valuation of such materials may be ensured.

The advance will be repaid from each succeeding monthly payments to the extent materials for which advance has been previously paid have been incorporated into the Works. In all cases, the repayment of the advance will be affected after expiry of a period of 120 days since payment of advance, whether the material is consumed in the work or not.

5.38 Guidelines for acceptance of Bank Guarantees

Bank Guarantees issued by the following Banks would be accepted under the contracts.

- a) State Bank of India or its subsidiaries,
- b) Any Indian nationalized Bank
- c) IDBI or ICICI/ICICI Bank/Export Import Bank
- d) A Foreign Bank (issued by a branch outside India) with a counter guarantee from SBI or its subsidiaries or any Indian Nationalized Bank.
- e) Any Scheduled Commercial Bank approved by RBI having a net worth of not less than Rs,500 crores as per the latest Annual Report of the Bank. In the case of a Foreign Bank (issued by a branch in India), the net worth in respect of the Indian operations shall only be taken into account.

The acceptance of the guarantee shall also be subject to the following conditions:

- a) The capital adequacy of the Bank shall not be less than the norms prescribed by RBI (presently 9, with effect from 31st March 2003, 10)
- b) The bank guarantee issued by a Cooperative Bank shall not be accepted.

The bank guarantee(s) to be submitted by the contractors and consultants against performance security/advance payments and for various other purposes shall be as per the prescribed formats. Before acceptance of the bank guarantee(s), it shall be ensured;

- a) The bank guarantee(s) contains the name, designation and code number of the officer(s) signing the guarantee(s).
- b) The address and other details (including telephone no.) of the Controlling Officer of the Bank are obtained from the Branch of the Bank issuing the BG

(This should be included in all the Bank Guarantees to be received by HPRIDC.

- c) Before opening of the financial proposals (in the case of bid security), signing of the contract (in the case of performance security), release of payments (in case of BGs for mobilization advances/against retention money), etc., as the case may be:
 - i) the confirmation form the Issuing Branch of the Bank is obtained in writing though Registered Post/Speed Post/Courier. The Bank should be advised to confirm the issuance of the Bank Guarantee(s) specifically quoting the letter of HPRIDC the printed official letterhead of the Bank indicating address and other details (including telephone nos.) etc., of the Bank and the name, designation and code number of the officer(s) confirming the issuance of the Bank Guarantee.
 - ii) Confirmation is also obtained by the GM of Finance Wing of HPRIDC, who should personally obtain the confirmation from Issuing Branch of the Bank.
- d) As a matter of abundant pre-caution, the confirmation from the Controlling Officer of the Bank may also be separately obtained by the concerned CMU in the manner prescribed in para (c) (i) above.

5.39 Guidelines for maintenance and release of Bank Guarantees

5.39.1 BGs for mobilization & machinery advances and retention money

- a) All such BGs shall be maintained by the Finance Wing of HPRIDC HQ.
- b) It shall be the responsibility of the Finance Wing to monitor the validity of the BGs (a register shall be maintained for this purpose) and ensure extension of the validity of the BGs in terms of the contract.
- c) Such BGs shall be released by the Finance Wing strictly in terms of the contract.

5.39.2 BGs for performance security

- a) All the Bank Guarantees shall be maintained and monitored by the Finance Wing at Headquarters. A copy of such BGs shall also be forwarded to the concerned CMUs.
- b) It shall be the responsibility of the Finance Wing to monitor the validity of the BGs (a Register shall be maintained for this purpose) and ensure extension of validity of the BGs in terms of the contract provisions, as and when required.
- c) For release of the Bank Guarantees, the proposal shall be forwarded by the CMUs with their recommendations in accordance with the contract conditions, to the Headquarters.
- d) The release of BGs shall be approved by the MD.

5.39.3 BGs for Bid Security/other purposes

All such BGs shall be maintained by the GM of Finance Wing at the Headquarter. It shall be the responsibility of GM of Finance Wing to monitor the validity of the BGs (a register shall be maintained for this purpose) and ensure extension of the validity of the BGs in terms of the contract. Such BGs shall be released strictly in terms of the contract with the approval of the MD.

5.40 Corrupt or Fraudulent Practices

The Employer will reject a proposal for award if it determines that the Bidder recommended for the award has engaged in corrupt or fraudulent practices in competing

for the contract in question. Further, the Employer will declare the firm ineligible, either indefinitely or for stated period of time, for being awarded a contract with HPRIDC if it, at any time, determines that the firm has engaged in corrupt or fraudulent practices in competing for the contract, or in its execution.

Part – II: Procurement Procedures under External (World Bank) funding

1. GENERAL

The aim of procurement is to obtain right quality of works, goods or services at reasonable and competitive prices, giving equal opportunities to those individuals/ companies/ firms/ manufacturers/ builders who are capable of delivering the goods, works and services. Procurement policy also needs to provide incentive and encouragement for development of national institutions, consultancy firms, manufacturers, contractors etc. Following are the main principles universally accepted and followed:

- Need for economy and efficiency
- Need for high quality services
- Fair opportunity to all eligible bidders
- Development of domestic contracting, manufacturing and consulting firms
- Transparency in the procurement process

2. PROCUREMENT PLAN

- 2.1 Procurement plan is essentially planning of what procurement of goods, works and services is to be carried out and at what time during the year. Thus preparation of a procurement plan is a necessary requirement. It is a tool for proper monitoring and execution of procurement activities.
- 2.2 Procurement plan covering civil works, supply of equipment, goods and services shall be prepared in the World Bank's format, every year by December 31 for the following fiscal year, and submitted to the Board for approval. Contracts expected to be awarded in the financial year, should only be mentioned in the procurement plan of that year.
- 2.3 During preparation of the procurement plans/ schedules, packaging should be appropriately done. Items of similar nature, which can be supplied by same set of firms, should be packaged together to achieve economies of scale. They should be evaluated on slice cum package basis after taking into account cross discounts offered. Aggregate value of total package will form the basis for determining the procurement method as well as the review requirement of the World Bank.
- 2.4 Methods of procurement shall be based on the total value of the tender, urgency of the demand, type of goods, works and services and availability of different sources of supply etc. Limit of value per contract applicable to a particular procurement method shall be strictly adhered too. It shall also be ensured that the procurement of goods and works is carried out strictly on the basis of actual need.
- 2.5 MD RIDC shall be responsible to have the procurement plans/ schedules prepared and submitted to the Board for approval as well as for clearance of the Bank. Procurement of all goods, works and services shall be undertaken in accordance with such procurement plans/ schedules.

3. PROCUREMENT ARRANGEMENTS

- 3.1 Goods and works shall be procured in accordance with the provisions of the "Guidelines for Procurement under IDA Credits", 2004, as amended, and all consultancy services shall be procured in accordance with the provisions of "Selection and Employment of Consultants by Bank Borrowers", 2004, as amended. The limits upto which a particular method of procurement can be applied for procurement of various goods, civil works and consultant services will be applicable as per the details contained in the legal agreements and reproduced in this manual in the Table given below for 'Thresholds for Procurement Methods and Prior Review'.
- 3.2 In case it is decided to utilize the services of the State PWD and/ or any other competent agency for civil works, the PWD and these agencies shall act as the procurement agent and shall procure the civil works under the project, following the procurement procedures outlined herein. Similarly any procurement agents hired under the project shall follow these guidelines. Agencies selected, as procurement agent including PWD, cannot simultaneously act as construction agencies i.e. cannot carry out the construction work by themselves. However, PWD could take up construction activities by themselves under "force account". Since PWD is a Government department, no fee can be paid to them under the project. If there is a fee to be paid to them, it will be paid from the State's own funds. This provision will also apply to other government undertakings under the administrative control of the same ministry/ department at Central/ State level under which project is being implemented.
- 3.3 Upgrading works and consultancy firms for technical services, construction supervision, detailed engineering etc will be procured by the Project Implementation Unit and periodic maintenance works will be procured by the HPPWD Field Units.
- 3.4 The following thresholds shall apply for externally funded works, goods and services contracts.

THRESHOLDS FOR PROCUREMENT METHODS AND PRIOR REVIEW

3.3.1 CIVIL WORKS

Expenditure Category	Value (threshold) per contract	Procurement Method	Contracts Subject to Prior Review / Post Review
Civil Works	a) Civil works estimated to cost more than US\$ 10 million [> INR 460 million] equivalent	International Competitive Bidding (ICB)	Prior review by the Bank (in accordance with paragraphs 2 and 3 of Appendix 1 to the Guidelines for Procurement under IBRD Loans and IDA Credits of 2004) as amended
	b) Civil works estimated to cost more than US\$ 50,000 [> INR 2.3 million] and less than or equal to US\$ 10 million [<= INR 460 million] equivalent	National Competitive Bidding (NCB)	First works contract for periodic maintenance under NCB regardless of value from each zone subject to 15% of the total kilometres of periodic maintenance and all contracts costing more than US\$ 3 million [INR 138 million equivalent] each will be prior reviewed by the Bank (in accordance with paragraphs 2 and 3 of Appendix 1 to the Guidelines for Procurement under IBRD Loans and IDA Credits of 2004) as amended. All other contracts by post review
	c) Civil works estimated to cost the equivalent of US\$ 50,000 or less (<= INR 2.3 million equivalent)	Shopping (at least three quotations from qualified contractors)	Post review only
	d) Civil works estimated to cost the equivalent of US\$ 20,000 or less (<= INR 0.92 million equivalent)	Direct Contracting	Post review only

3.3.2 GOODS

Procurement of Goods	Value (threshold) per contract	Procurement Method	Contracts Subject to Prior Review / Post Review
Goods/ Equipment	(a) Contracts estimated to cost more than US\$ 500,000 (>INR 23 million equivalent)	International Competitive Bidding (ICB)	Prior review by the Bank (in accordance with paragraphs 2 and 3 of Appendix 1 to the Guidelines for Procurement under IBRD Loans and IDA Credits of 2004) as amended.
	(b) Contracts estimated to cost more than US\$ 50,000 and ≤ US\$ 500,000 (>INR 2.3 million but ≤ INR 23 million)	National Competitive Bidding (NCB)	First contract under NCB regardless of value and all contracts costing more than US\$ 500,000 (INR 23 million equivalent) each will be prior reviewed by the Bank (in accordance with paragraphs 2 and 3 of Appendix 1 to the Guidelines for Procurement under IBRD Loans and IDA Credits 2004) as amended. All other contracts by post review
	(c) Contracts estimated to cost less than or equal to US\$ 50,000 (≤ INR 2.3 million equivalent)	Shopping (includes issue of supply orders under DGS&D rate contracts)	Post Review only
	(d) Proprietary items estimated to cost less than or equal to US \$ 10,000 (≤ INR 460,000 equivalent)	Direct Contracting	Post Review only

3.3.3 SERVICES

Expenditure Category	Value (threshold) per contract	Procurement Method	Contracts Subject to Prior Review / Post Review
Procurement agent, supervision contracts, professional & technical services, training, workshops, etc.	Contracts estimated to cost: (a) More than US \$ 500,000 [>INR 23 million equivalent]	Quality and Cost Based Selection (QCBS), Fixed Budget (FB) or Least Cost Selection (LCS) – International Shortlist	Prior Review of all consultant contracts estimated to cost more than US\$ 100,000 equivalent [INR 4.6 million] by the Bank (in accordance with the provisions of Guidelines for Selection and Employment of Consultants by World Bank Borrowers 2006). All other cases: Post Review
	(b) Less than or equal to US\$ 500,000 [<= INR 23 million equivalent]	Quality- and Cost-Based Selection, Fixed Budget or Least Cost Selection. Short list may comprise entirely of national consultants	- do -
	(c) Less than or equal to US\$ 200,000 [<= INR 9.2 million equivalent]	Consultants' Qualifications (CQS),	- do -
	Less than or equal to US\$ 100,000 [<= INR 4.6 million equivalent]	Single Source Selection (SSS) of firms following paragraphs 3.9 to 3.13 of the Bank's Consultant Guidelines.	- do -
Contractual staff	Less than or equal to US\$ 50,000 [<= INR 2.3 million equivalent]	Hiring of individuals	- do -

4. Delegation of Powers within HPRIDC

	Type of Contract	Invitation	Evaluation ¹	Award	Termination
1	Works > US\$ 5 million Services > US\$500,000 Goods > US\$ 500,000 All PPP projects	Board or designated sub-committee	High Value Evaluation Committee ²	Board or designated sub-committee	Board or designated sub-committee
2	Works US\$ 3-5 million Services < US\$500,000 Goods < US\$500,000	MD, HPRIDC	High Value Evaluation Committee ²	MD, HPRIDC	Board or designated sub-committee
3	Works US\$0.05 - 3 million	CE-cum-PD, Zonal CE	Medium Value Evaluation Committee ³	CE-cum-PD, Zonal CE	MD, HPRIDC
4	Works <US\$ 0.05 million	CMU head	Low Value Evaluation Committee ⁴	CMU head	CE-cum-PD
5	Deposit to other GOHP departments	CMU head	CMU head	CE-cum-PD	n/a

1) Evaluation report to follow the prescribed format with clear recommendation for award or re-tendering as the case may be.

2) High Value Evaluation Committee comprises E-in-C, CE-cum-PD, General Manager, EE (Procurement). For Services, one knowledgeable outsider is to be included.

3) Medium Value Evaluation Committee comprises CE-cum-PD, SE, EE (Procurement), and General Manager.

4) Low Value Evaluation Committee comprises CMU head, one AE, one Finance Official from CMU.

5) The Engineer shall be defined in the works contract documents and shall generally be an independent supervision consultant for improvement or rehabilitation works and CMU/EE of HPPWD Field Unit for periodic maintenance works. In long run, EE of Field Units of HPRIDC shall be Engineer for maintenance works.

6) Large variation is defined as any material extension of the stipulated time for contract performance, agreeing to modification or waiver of conditions and any change order which would in aggregate increase the cost by more than 15%. Large variations are to be justified in a report with a cover memo in the prescribed format by the respective "engineer" for works and by the CE-cum-PD for other contracts. Approval of substitution of key staff for services rests with the CE-cum-PD

7) Bid documents shall be approved by the tender accepting authority. However, where acceptance of tender lies within the powers of the Board, bid documents shall be approved by MD, RIDC.

8) Pre-bid meetings, where necessary, may be called only for works costing more than Rs 50 million [US\$ 1.1 million] and shall be chaired by the Chief Engineer-cum-Project Director. Minutes of the pre-bid meetings shall be got approved from MD, RIDC.

10) Detailed Project Report for the project should be accepted by the Board and the Bank before bids are invited.

11) Pre-qualification may be adopted for works costing more than Rs 2300 million [US\$ 50 million].

12) Fee to be charged for bidding documents shall be as per State government rules.

13) Single bids/tenders should also be considered for award, if it is determined that publicity was adequate, bid specifications/ conditions were not restrictive or unclear, and bid prices are considered reasonable. Where only single bid has been received, tenders up to a value of Rs 50 million [US\$ 1.1 million] can be accepted by the MD, RIDC and tenders above this value shall be accepted with the approval of the Board of RIDC.

14) Joint Ventures may be permitted (i) only if the size of the contract exceeds a certain specified value (more than Rs. 460 million or US\$ 10 million), and (ii) with no more than three partners.

5. PROCUREMENT PROCEDURES

Procurement procedure/ guidelines are a set of general steps in which purchase transaction is carried through from inception to its conclusion. These steps together form the purchase policy of an organization.

The procurement procedure/ guidelines broadly consist of the following activities;

- Assessment of requirement
- Deciding procurement strategy
- Mode of procurement
- Preparation of tender document
 - Advertisement of the tender
 - Issue of tender documents
 - Opening of the tenders
 - Evaluation of the tenders
- Award of contract
- Disclosure
- Quality Assurance
- Notification of delivery to consignee and receipt of consignment
- Storage, where applicable
- Resolution of disputes, if any
- Laws governing the contract
- Arbitration
- Insurance
- Patent rights
- Force Majeure
- Complaint redressal mechanism
- Procurement audit
- Record keeping

5.1 DECIDING PROCUREMENT STRATEGY

The procurement strategy should cover;

- key objectives of the procurement for the project;
- chosen procurement option;
- chosen procurement route (open or restricted as allowed by the procurement manual)

- key milestones (check that enough time will be allowed for various steps)
- key documents e.g. requirements, specifications, bidding documents etc.

Key factors influencing the procurement strategy relate to the degree of complexity, innovation and uncertainty about the requirement, together with the time needed to achieve a successful outcome.

5.2 MODE OF PROCUREMENT

The methods of procurement to be followed are:

- A) Global tender/ International Competitive Bidding (ICB)
- B) Open advertised tender/ National Competitive Bidding (NCB)
- C) Shopping
- D) Single tender/ Direct Contracting

A) Global Tender/ International Competitive Bidding (ICB)

This method is generally adopted where the supplies need import and/ or larger value contracts where foreign firms are expected to participate. In case of RIDC procurement, this method is to be adopted where the estimated cost of the procurement is more than US\$ 500,000/- equivalent for goods and US\$ 10 million for works.

Steps to be followed are:

- Apart from wide publicity nationally, Invitation for Bids (IFB) shall also be forwarded to embassies and trade representatives of countries of likely suppliers/ contractors of the goods and works and also to those who have expressed interest in response to the general procurement notice.
- Invitation for Bids shall also be published in UNDB, dgMarket and project website.
- Use of standard bid documents of the World Bank.
- Sale of bid documents should start only after publication of invitation for bids in newspapers and UNDB/ dgMarket.
- Bidding period shall be 45 to 90 days from the date of start of the sale of bid documents.
- Domestic preference shall be allowed to domestic manufacturers/contractors with respect to foreign manufacturers/contractors as per procedure mentioned in the bid documents.
- Other procedures for global tender/ ICB will broadly be same as that of open advertised tender in respect of bid opening, bid evaluation, notification & publishing of award of contract, complaint redressal etc.

(B) Open Advertised Tender/ National Competitive Bidding (NCB)

i) Open tender is the competitive bidding procedure normally used for public procurement in the country and may be the most efficient and economic way of procuring goods or works, by their nature and scope. The procedures shall provide for adequate competition in order to ensure reasonable prices. The method to be used in the evaluation of tenders and the award of contracts shall be made known to all bidders and not be applied arbitrarily. Bidding period shall be 30 to 60 days from the date of start of the sale of bid documents.

ii) Open tender or NCB will be adopted normally where the contract value is (i) less than or equal to US\$ 10 million (INR 460 million) and more than US\$

50,000 (INR 2.3 million) equivalent for works and (ii) less than or equal to US\$ 500,000 (INR 23 million) and more than US\$ 50,000 (INR 2.3 million) equivalent for goods.

iii) Two or three envelop system shall not be used.

(iv) Various steps involved in procurement under open tender procedure/NCB have been enumerated in the subsequent paragraphs.

(C) Shopping

Shopping procedure is adopted where the estimated cost of procurement is as given in paragraphs 3.3.1 and 3.3.2 above. The following considerations should be kept in view for adopting this procedure;

a. Shopping is a procurement method based on comparing price quotations obtained from several national/ international suppliers/ contractors, usually at least three to ensure competitive prices. Under international shopping quotations should be solicited from at least three suppliers in two different countries.

b. Goods including equipment and civil works estimated to cost as per the financial ceiling prevailing in the State or less per contract (subject to a ceiling given in paragraphs 3.3.1 & 3.3.2 above) may be procured under Shopping.

c. It is an appropriate method for procuring readily available off-the-shelf goods or goods of standard specifications, commodities and works that are small in value and are ordinarily available from more than one source.

d. Approval of competent authority may be obtained for items of goods to be purchased along with specifications or civil works to be constructed/ renovated/ repaired along with specifications, estimated costs and agencies from whom quotations should be invited.

e. The requests for quotations shall contain the description, specification, quantity of the goods, terms of delivery of goods or description of works as well as desired completion period and place of works. If the quotations are called for more than one item/ work, it should also be indicated whether the evaluation would be for each item or for each civil work or as a package of all items/ works together.

f. While inviting quotations from suppliers/ contractors, reasonable time should be given to enable them to submit their quotations.

g. Quotations could also be obtained by telex or facsimile. The terms of the accepted offer shall be incorporated in a purchase order or brief contract.

h. Rate contracts finalized by the Directorate General of Supplies & Disposals (DGS&D) will be acceptable for any procurement under shopping.

i. State Government rate contracts, if any, shall be treated as one of the three quotations in the shopping process.

Inviting Quotations

Following points should always be mentioned in the letter inviting quotations.

Calling Quotations

- Give description, specifications and quantity.
- Say that the contract shall be for the full quantity of each item.
- All duties, taxes and other levies payable on the raw materials and components shall be included in the total price.
- Sales tax in connection with the sale shall be shown separately.
- The rates quoted by the bidder shall be fixed for the duration of the contract and shall not be subject to adjustment on any account.
- The Prices shall be quoted in Indian Rupees only.
- Each bidder shall submit only one quotation.
- Quotation shall remain valid for a period not less than 15 days after the deadline date specified for submission.

Evaluation of Quotations

- The Purchaser will evaluate and compare the quotations determined to be substantially responsive i.e. the quotations, which conform to the laid down terms & conditions, and specifications.
- The quotations would be evaluated for all the item together or would be evaluated separately for each item (select one option).
- Sales tax in connection with sale of goods shall be or shall not be taken into account in evaluation.

Award of contract

The Purchaser will award the contract to the bidder whose quotation has been determined to be substantially responsive and who has offered the lowest evaluated quotation price.

Purchase order should include:

- Description, specification and quantity along with price.
- Delivery period.
- Terms of delivery i.e. free on rail (f.o.r.) station of dispatch or free delivery to the consignee.
- Payment terms

(D) Single Tender/ Direct Contracting

The procedure for Direct Contracting may be adopted if any one of the following conditions is met. The value of each contract for such procurement should not exceed the limits prescribed in the table given in paragraphs 3.3.1 & 3.3.2 above.

(i) The single tender system may be adopted in case of articles, which are specifically certified as of proprietary in nature, or where only a particular firm is the manufacturer of the articles demanded or in case of extreme emergency or in case of small value purchases of goods and works.

(ii) The single tender system without competition shall be an appropriate method under the following circumstances:

- Extension of existing contracts for goods or works awarded with the prescribed procedures, justifiable on economic grounds;
- Standardization of equipment or spare parts to be compatible with existing equipment may justify additional purchases from the original supplier;
- Works are small and scattered or are situated in remote areas where adequate number of contractors may not be available or where mobilization costs for contractors would be unreasonably high; and

- Need for early delivery to avoid costly delays.

5.3 PREPARATION OF TENDER DOCUMENTS

5.3.1 For procurement to be carried out under this Himachal Pradesh State Roads Project, GOI Task Force approved documents, as amended from time to time for works/ goods will be used under NCB. For ICB Bank's standard bidding documents for goods and works will be used. Sale of tender documents should begin only after the publication of notification for tender in newspapers. The tender documents shall furnish all information necessary for a prospective bidder to prepare a tender for the goods and/ or works to be provided. Tender documents should be made available to all those who request for them regardless of registration status and they should be allowed to bid. However, the request should be in writing along with the requisite fee of the tender/ bid, if any.

The bid/ tender document should invariably contain the following sections to make it, self-explanatory and some of the important clauses are elaborated in the following paragraphs:

- Invitation for bids (IFB)
- Instructions to bidders (ITB)
- General terms & conditions
- Contract data including bill / schedule of quantities (BOQ)
- Award criteria
- Notification of award
- Execution of contract
- Quality control
- Payment terms
- Taxes and duties
- Completion certificate
- Warranty/ defect liability period
- Drawings
- Bill of quantities
- Standard forms for securities, contracts etc.
- Dispute resolution
- Arbitration
- Force majeure

Bill of quantities (BOQ) or Schedule of Requirement will indicate the description of items/ works to be provided along with quantities and the phased manner (if necessary) in which the goods/works are required to be delivered or constructed. Estimated rates should not be indicated in the BOQ. The rates are to be indicated by the contractors in their bids.

Bidders shall be assured of equal opportunities to obtain additional information. They shall be given access to project sites for visits at their own cost.

5.3.2 Invitation for Bids (IFB)

(i) At the start of the project a general procurement notice (GPN) will be issued in national newspapers and in UNDB/dgMarket indicating the items/ works/ services to be procured under ICB and that the prospective bidders/ tenderers should be on look out for the specific invitation for bids.

(ii) Specific invitation for bids (IFB) should provide a brief description of goods/ works, very important contract conditions, source of financing of the project, eligibility requirements, time and place, full office address along with telephone/ fax number and email address, if any, for submission of applications/ bids where from bid documents can be obtained. Contractors should be made responsible for all materials including cement and steel without having to rely on departmental supplies. Format of IFB to be adopted is given in the ICB/ NCB bidding documents.

(iii) GPN and IFB for publication in UNDB/dgMarket may be forwarded to the Bank in soft copy. The Bank will arrange their publication in UNDB/ dgMarket. IFB should be published in the national newspapers only thereafter.

(iv) Notification/ Advertisement

Timely notification of bidding opportunities is essential in competitive bidding;

- Invitation to bid shall be published in daily newspapers with wide circulation all over India, at least in one English national daily newspaper and in one regional language daily newspaper. If the advertisement is for more than one item, it should also be indicated whether the evaluation would be item wise or as a package. In case of IFB for ICB, the notification shall also be published in the 'United Nation's Business Development' (UNDB) and dgMarket online and forwarded to embassies and trade representatives of countries of likely suppliers of goods and also to those who have expressed interest in response to the GPN. The bidders shall be allowed the option to submit the bids for any one or more works/ items/ schedules specified in the 'Schedule of Requirements' and to offer discounts for combined schedules/ items/ works of similar nature. The advertisement should also be placed at the project website.
- If it is a condition in the invitation for tenders that earnest money/ bid security is to be deposited by the supplier/ contractor, the bid of a supplier/ contractor not complying with this requirement shall be outright rejected. Mistakes (in case of bank guarantees), miscalculations, submission of copies of instrument of bid security instead of the original will result in rejection of the bid/ tender.
- In a package, the earnest money/ bid security should be indicated taking into account all items forming the package. This cannot be changed later on. Once it is decided that the contract shall be for a package, the earnest money/ bid security for that package shall be indicated and the same cannot be changed according to each item.
- The last date for receipt of tender shall be the day following the date for closure of the sale of bid documents. The last date and time of sale and receipt of bid/ tender documents should be clearly indicated in the notification/ advertisement.
- Tender sale period shall be between 30 to 60 days for NCB and 45 to 90 days for ICB, from the date of start of sale of bid/ tender documents.
- Tenders may be sold from different places but bid/ tender must be received at one place only, to avoid problems arising out of late/ delayed tender submission. Tenders/ bids should normally be opened immediately after the deadline of time fixed for submission on the same day.

- The advertisement shall clearly state the name, address, telephone/ fax number and e-mail address of the contact person for seeking clarifications if any, and the date, time and place of submission of bids/ tenders.
- The advertisement shall also indicate clearly the sources of funds wherefrom the procurement will be funded.
- The key dates should not be falling on government/ public holidays. If the date of opening of bids/ tenders is declared a government/ public holiday, the next working day shall be the date of bid opening at the appointed time.

5.3.3 Instructions to Bidders (ITB)

In this section various procedures to be followed in the selection of the bidders and precautions to be taken by them are indicated under following heads;

- Scope of work
- Sources of funds
- Eligibility criteria
- Pre-bid conference
- Qualification of bidders
- Earnest Money
- Bid price
- Submission of bids
- Bid Security
- Validity of bids submitted
- Opening of bids
- Evaluation of bids
- Post qualification
- Award of contract
- Performance security
- Fraud and Corruption

Important clauses are discussed in brief in the subsequent paragraphs.

5.3.4 Clarifications on Tender/Bid Documents

Tender documents shall furnish clearly and precisely, the details of the work to be carried out, the location of the work, the goods to be supplied, the place of delivery or installation, the schedule of delivery or completion, specifications/ technical specifications, minimum performance requirements, the warranty and maintenance requirements, if any, and the method of evaluation. The basis for tender evaluation and selection of the lowest technically suitable and evaluated tender shall be clearly outlined in the instructions to tenderers and/ or specifications. Any clarification asked by the tenderers should be replied promptly, in any case well in advance of tender opening date giving sufficient time to bidders/tenderers to submit their bids/tenders.

Tender documents should state clearly whether the bid prices will be fixed or price adjustment will be allowed to reflect any changes in major cost components of the goods/ works.

5.3.5 Standards and Technical Specifications

The bid/ tender documents shall include generally accepted standards or technical specifications. Unbiased technical specifications shall be prepared with no mention of brand names and catalogue numbers by a committee of experts associating the trade representative, if required. The functional performance, design, quality, packaging and additional requirements should be clearly spelt out in the specifications. The specifications should be generic and should not appear to favour a particular brand or supplier.

Preparation of technical specifications, bill of quantities (BOQ) and civil drawings must be completed before tendering. Specifications for the items to be procured should be drawn up with clarity in every case. No deviations from the specifications after opening of the tender should be allowed.

Specifications in respect of items mentioned in the BOQ, should be indicated in the bidding documents. In case MOSRTH/HPPWD/CPWD standard specifications are applicable, then the bid documents should specify the number of such specification(s) and full address of the entity from where these could be obtained. In the alternative a copy of these specifications should be attached with the bid documents.

The major objectives of the specifications are;

- To let the procurement department understand exactly the features required in the item,
- To let the suppliers/ contractors know exactly what the buyer wants,
- To permit the easier, quicker and accurate verification of items and their quality upon receipt/ construction.

5.3.6 Validity of Tenders/Bids

Bidders/ Tenderers shall be required to submit tenders with a validity period specified in the tender documents, which shall be sufficient to complete the comparison and evaluation of bids and obtain all necessary approvals, so that the contract can be awarded within that period. Normally, the bid validity period shall be 90 days after the date of bid/ tender opening. In high value cases, the bid validity could be 120 days.

5.3.7 Earnest Money/ Bid Security

Earnest money (bid security) to be deposited by the bidders shall be for a specified amount for each package/ schedule/ item as indicated in the bid/ tender document. It shall normally be 2 to 2.5% of the estimated cost of goods and 1% of the estimated cost of works rounded off to the nearest figure in hundreds/ thousands/ lakhs of rupees. The earnest money shall be in the form of a demand draft/ deposit at call receipt/ irrevocable LC/ banker's cheque/ bank guarantee from a scheduled bank preferably having a branch at the place where tenders are to be submitted, which should be valid for 45 days beyond the validity period of the bid/tender. Fixed Deposit Receipts endorsed in favour of purchaser shall also be acceptable.

The earnest money of unsuccessful bidders shall be refunded soon after the final acceptance of the tenders. The earnest money shall be forfeited in the event of withdrawal of the tender within the original validity, once submitted or in case a successful bidder fails to execute necessary agreement within the period specified or for submitting false, incorrect or misleading information in the bid. This will be

in addition to the other remedies available to the purchaser/ employer in terms of the tender documents.

5.3.8 Pre-Bid Conference

A pre-bid conference (date/ venue to be indicated in the IFB published in newspapers and bid/ tender document) may be arranged, if considered necessary, wherein potential bidders may meet with the representatives of the implementing authority to seek clarifications on the tender documents. Copy of minutes of the pre-bid conference should be furnished to the bidders who had already purchased the bid documents and should also be attached with the bid documents sold to the parties purchasing the documents subsequent to the pre-bid conference. Pre-bid conference should be arranged only in cases where it is considered necessary. It should not be called by the implementing agency as a matter of routine.

5.3.9 Terms and Mode of Payment

Payment terms for ICB and NCB are already provided in the bidding documents and should be followed as it is. In the case of shopping payment terms should be 90% payment after delivery to the consignee and balance 10% after acceptance of the goods or in accordance with the practices applicable to the specific goods and works. Tender documents should specify the mode of payment and terms of payment applicable and the type and number of documents required to be submitted by the suppliers or contractors for claiming the payments.

5.3.10 Conditions of Contract

The contract document shall clearly define the scope of work to be performed, the goods to be supplied, the rights and obligations of the implementing agency and of the supplier or contractor, and the functions and authority of the engineer, architect, or construction manager, (if one is employed by the implementing agency) in the supervision and administration of the contract. Special conditions related to specific item including the technical, production, financial requirement, advances, retention amounts etc. should also be clearly specified in the tender document. The World Bank standard bidding documents actually provide all these features.

5.3.11 Issue of Tender/Bidding Documents

Tender/ Bid documents shall be sold to any person who makes a request in writing and deposits the required money. Sale of tender documents shall not be restricted on any account. Tenders/ Bidding documents will be sold till one day prior to the opening of the tenders.

5.3.12 Tender Opening

i) The time, date and venue for the tender opening shall be mentioned in the IFB and bid/ tender documents. Bid/ tender opening time shall be immediately after the deadline for submission of tenders/ bids as discussed above.

- ii) Tenders shall be opened in public. The bidders or their representatives shall be allowed to be present at the time of opening of the bids.
- iii) All tenders received in time shall be opened. No bid shall be rejected at the time of bid opening except for late tenders. Late tenders shall be returned to the bidders/ tenderers unopened.
- iv) The name of the bidder/ tenderer and the total amount of each bid along with important conditions like excise duty, sales tax, delivery terms, delivery period, special conditions and discounts, if any, shall be read out at the time of bid opening. Withdrawal notices and modifications to the tender shall be read out first followed by the tender of the bidder/ tenderer.
- v) Spot comparative statement (minutes of bid opening) must be prepared by the bid/ tender opening official and should be signed.

5.3.13 Confidentiality

After the public opening of tenders, information relating to the examination, clarification, and evaluation of tenders and recommendations concerning awards shall not be disclosed to bidders or other persons not officially concerned with this process until the successful bidder is notified of the award of the contract.

5.3.14 Examination of Tenders/Bids

- a) The implementing agency shall ascertain whether the tenders;
 - Meet the eligibility requirements specified;
 - Have been properly signed by authorised signatory;
 - Have the bid validity as specified in the bid/ tender documents;
 - Are accompanied by the required earnest money valid for the period specified in the tender document;
 - Have quoted for the entire schedule/ package and are in the required currency as indicated in the bid document;
 - Are generally substantially responsive commercially and technically, to the tender documents;
 - Have the necessary technical, production and financial capability to successfully execute the contract; and
 - Are otherwise generally in order.
- b) If the bidder/ tenderer meets the above stipulations indicated in the bid documents, it is determined as substantially responsive and is considered further for evaluation.
- c) If a bid/ tender is not substantially responsive i.e. it contains material deviations from or reservations to the terms, conditions and specifications specified in the tender documents or has conditional bank guarantee for bid security, it shall be considered as non-responsive and shall not be considered further. The bidders shall neither be permitted to correct or withdraw material derivations or reservations once tenders have been opened nor the purchaser should make a reference to the bidders to get the infirmity in the tender corrected.

d) Historical data in relation to the tender, if not received along with the bid/tender, can be requested from the bidder after opening of bids/ tenders and should be submitted within a reasonable time span (say 7-10 working days).

5.3.15 Tender Evaluation and Comparison

a) The purpose of tender evaluation is to determine substantially responsive tender with the lowest evaluated cost, but not necessarily the lowest submitted price, which should be recommended for award.

b) The bid/ tender price read out at the bid opening shall be adjusted at the time of evaluation with correction for any arithmetical errors for the purpose of evaluation with the concurrence of the bidder/ contractor. Where there is a discrepancy between the rates in figures and in words, the rate in words will prevail. Where there is a discrepancy between the unit and the line item total resulting from multiplying the unit rate by the quantity, the unit rate will prevail.

c) Evaluation of tenders should be made strictly in terms of the provisions in the tender documents to ensure compliance with the commercial and technical aspects.

d) Conditional discounts offered by the bidders shall not be taken into account for evaluation.

e) No special preference shall be accorded to any bidder, either for price or for any other terms and conditions, when competing with foreign bidders, state owned enterprises, small scale enterprises or enterprises from any given state.

f) The past performance of the suppliers/ contractors should be taken into account while evaluating the tenders (this should also be indicated in bid document). However, past performance of the suppliers/ contractors should be documented properly.

g) The purchaser shall prepare a detailed report on the evaluation and comparison of tenders setting forth the specific reasons on which the recommendation is based for the award of contract.

h) While making the recommendation for award of contract, last purchase price (LPP) of the item(s), if available, will be considered for comparison.

5.3.16 Negotiations

There should not be any negotiations either for price or terms and conditions of the tender submitted.

5.3.17 Extension of Validity of Tenders

As far as possible, contract should be finalized within the original validity of the tenders, mentioned in the tender documents. An extension of bid validity, if justified by exceptional circumstances with the approval of the next higher authority shall be requested in writing from all bidders/ tenderers (of valid tenders only) before the expiry date. Bidders/ tenderers shall have the right to refuse to grant such an extension without forfeiting their earnest money, but those who are willing to extend the validity of their bid shall also be required to provide an extension of earnest money as specified in the tender documents.

However, in cases of prior review by the Bank, extension of bid validity shall not be allowed without the prior concurrence of the Bank for (i) the first request for extension if it is longer than four weeks; and (ii) for all subsequent requests for extension irrespective of the period (such concurrence shall be considered by the Bank, only in cases of Force Majeure and circumstances beyond the control of the purchaser).

5.3.18 Post-Qualification of Bidders/ Tenderers

In case the pre-qualification of the bidders/ tenderers has been carried out, and the tenders have been issued to the pre-qualified bidders, the tenders shall be recommended for award on the basis of being lowest substantially responsive bids. If the bidders have not been pre-qualified, the implementing agency shall determine whether the bidder whose bid has been determined as lowest evaluated substantially responsive, has the technical and production capabilities and financial resources to effectively carry out the contract as offered in the bid/ tender. The criteria to be met shall be set out in the tender documents, and if the bidder does not meet them, the bid/ tender shall be rejected. In such an event, the implementing agency shall make a similar determination for the next lowest evaluated substantially responsive bidder/ tenderer and so on.

5.3.19 Rejection of all Tenders

a) Tender documents usually provide that implementing agency may reject all tenders. Rejection of all tenders is justified when none of the tenders are substantially responsive. However, the lack of competition shall not be determined solely on the basis of number of bids received. If all tenders are rejected, the implementing agency shall review the causes justifying the rejection and consider making revisions to the conditions of contract, or a combination of these, before inviting new tenders.

b) If the rejection is due to most or all of the tenders being non-responsive, fresh tenders may be invited.

c) Rejection of all tenders and re-inviting new tenders, irrespective of value shall not be carried out without the prior approval of the MD, RIDC. System of rejecting tenders outside a pre-determined margin or 'bracket' of prices shall not be used. Before re-inviting tenders the specifications may be reviewed for revision, if any.

d) Rejection of tenders, irrespective of value, will require World Bank's approval.

5.3.20 Performance Security

a) Tender documents for works and supply of goods shall require performance security in an amount sufficient to protect the interest of the implementing agency in case of breach of contract by the contractor/ supplier. The performance security shall be in the form of a bank guarantee or any other instrument acceptable to the purchaser and the amount should be specified in the tender document.

b) The amount of performance security shall be 5 to 10% of the contract price, but normally it should be 5% plus additional security for unbalanced items

and should be valid till 28 days after the date of expiry of defect liability period or the guarantee/ warranty period, as the case may be.

c) The performance security deposit shall be refunded within one month after the expiry of guarantee/ warranty period or the defect liability period (as mentioned above).

d) The performance security shall be forfeited in case any terms and conditions of the contract are infringed or the bidder fails to make complete supply satisfactorily or complete the work within the delivery / completion period agreed in the contract without prejudice to the purchaser's right to take further remedial actions in terms of the contract and bidding documents which formed part of the contract.

e) The Performance Security, if provided, by the successful bidder in the form of a bank guarantee shall be as per prescribed format given in the bid documents.

5.3.21 Retention Money

In case of contracts for works, normally 5% of the contract price shall be deducted from the bills @ 6% of the amount of each bill, towards retention money. 50% of the retention money shall be returned to the contractor after the completion of the whole of the works and balance 50% shall be returned to the contractor after the expiry of the defects liability period along with the performance security.

5.3.22 Liquidated Damages (Damages for Delay)

Provisions for liquidated damages shall be included in the conditions of contract for the delay in the delivery of goods or completion of works. In the case of goods, the liquidated damages shall be calculated at the rate of 2 % per month of delay or part thereof. In the case of works, the liquidated damages will be calculated at 0.05% of the contract price per day. Where milestones are provided in the contract for execution of works, liquidated damages shall be calculated at 0.05% of the value of each milestone and sum of liquidated damages of all the milestones should be equal to the total liquidated damages of whole of the contract. In both the cases liquidated damages will be subject to a ceiling of 10% of the contract price and shall be levied by way of pre-estimated damages and not by way of penalty.

5.3.23 Fraud and Corruption

It is the World Bank's policy to require that Borrowers (including beneficiaries of Bank loans), as well as Bidders, Suppliers, Contractors, and Contractors and their subcontractors, and Consultants under Bank-financed contracts, observe the highest standard of ethics during the procurement and execution of such contracts. In pursuance of this policy, the Bank:

(a) defines, for the purposes of this provision, the terms set forth below as follows:

- (i) "corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
- (ii) "fraudulent practice" is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
- (iii) "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
- (iv) "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;
- (v) "obstructive practice" is :
 - (aa) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; and
 - (bb) acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for under sub-paragraph (e) below.
- (b) will reject a proposal for award if it determines that the Bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive or obstructive practices in competing for the contract in question;
- (c) will cancel the portion of the loan allocated to a contract if it determines at any time that representatives of the Borrower or of a beneficiary of the loan engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the procurement or the execution of that contract, without the Borrower having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur;
- (d) will sanction a firm or individual, including declaring them ineligible, either indefinitely or for a stated period of time, to be awarded a Bank-financed 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 Bank-financed contract; and
- (e) will have the right to require that a provision be included in bidding documents and in contracts financed by a Bank loan, a provision be included requiring bidders, suppliers, contractors and consultants to permit the Bank to inspect their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by the Bank.

5.4 AWARD OF CONTRACT

- 5.4.1 Implementing agency shall award the contract, within the period of validity of tenders, to the bidder who meets the tender conditions in all aspects, has the necessary technical and production capabilities and financial resources and whose bid is substantially responsive to the tender conditions and has offered the lowest evaluated cost. The purchaser can, if so desired, depute a team of 3-4 officers to the premises of the manufacturer of the goods, to whom the contract is proposed to be awarded to satisfy itself that the manufacturer has the capability to produce the required quantity and also has the necessary quality testing and assurance facilities to meet the required standards. Based on the report of this committee, the purchaser may decide to award the contract to the successful bidder offering the lowest and reasonable price after approval of the competent authority.
- 5.4.2 Single bids should also be considered for award, if it is determined that publicity was adequate, bid specifications/ conditions were not restrictive or unclear, and bid prices are considered reasonable.

5.5 DISCLOSURE

- 5.5.1 The following information shall be disclosed for all procurements of goods, works and services and in the manner briefly given here under;

For goods and works procured through ICB/ LIB, publish within two weeks, in UNDB online and in dgMarket the results of award of contracts identifying the bid and lot numbers and the following information: (a) name of each bidder who submitted a bid; (b) bid prices as read out at bid opening; (c) name and evaluated prices of each bid that was evaluated; (d) name of bidders whose bids were rejected and the reasons for their rejection; and (e) name of the winning bidder, and the price it offered, as well as the duration and summary scope of the contract awarded.

The above information regarding procurement of all goods and works irrespective of value shall also be published on the HPRIDC website.

In addition the following information shall also be published on the HPRIDC website:

- All annual procurement schedules promptly after finalization;
- Bidding documents; and
- Annual progress and mid-term review reports of the project.

- 5.5.2 Disclosure of procurement information shall also follow the policy stated elsewhere in this operations manual.

5.6 QUALITY ASSURANCE

The inspection authority and procedure for sampling and testing should be clearly specified in the tender document. The purchaser will also decide whether 100% pre-dispatch inspection is required at the goods manufacturer's premises, depending on the items to be purchased. When a consignment is ready for dispatch, the supplier will inform the purchaser that the consignment is ready for the testing. Purchaser will then instruct the inspection agency to carry out the inspection. In other cases goods will be inspected on arrival at purchaser's premises for any possible damage/ defect either in manufacture or in transit.

If the stores supplied do not meet the specifications and/ or the performance requirement, these should not be accepted. In the case of civil works, the engineer shall ensure quality of construction. The engineer can be either from the department or from the supervision consultant firm.

If there are any disputes or doubts about the quality of the products/ works, a procedure of resolution of disputes may be followed as per the terms of the contract.

5.7 NOTIFICATION OF DELIVERY TO THE CONSIGNEE AND RECEIPT OF CONSIGNMENT

i) Notification of delivery or dispatch in regard to each and every consignment shall be made by the supplier to the purchase officer. The supplier shall further supply to the consignee a packing account quoting reference number and date of the contract/ supply order, date of dispatch of the stores. All packages, containers, bundles and loose material part of each and every consignment shall be fully described in the packing account and full details of the contents of the packages and quantities of material(s) shall be given to enable the consignee to check the stores on arrival at destination. The Railway Receipt (RR) \ Lorry Receipt (LR) \ Consignment Note (CN) should be drawn in the name of the consignee and should be sent to the consignee by registered post acknowledgement due or other fastest mode immediately on dispatch of stores quoting the Number(s) and date(s) of the corresponding Inspection Note(s) in relation to the stores covered by the said RR\ LR\ CN as the case may be. The contractor shall bear and reimburse to the purchaser, demurrage charges, if any, paid by the reasons of delay on the part of the supplier in forwarding the RR\ LR\ CN to the consignee.

ii) At the time of the delivery of the stores, the consignee should accept the stores on "said to contain" basis and should issue a provisional receipt certificate in the standard format. After opening the packages and detailed examination of the stores, the consignee will issue the final acceptance certificate if he is satisfied with the quality of the goods. Notwithstanding the pre-dispatch inspection of the goods/ services by the inspection agency, consignee has the right to further inspect and test the goods but within a reasonable time. If the goods fail to meet the specifications given in the contract, the same should be rejected and the supplier should be asked to replace the goods or rectify the defects. Supplier shall not be allowed to remove rejected goods until the supplier has deposited the payment received together with other incidental charges such as freight, insurance, loading/ unloading charges etc. or they have replaced rejected goods with serviceable goods.

iii) Civil works will be taken over by the employer after their completion.

5.8 STORAGE

As all the goods needed/ procured cannot be consumed at one point of time, storage of goods is an inevitable process. Experience has demonstrated that properly packed good quality items do not deteriorate if stored systematically in clean, dry and well ventilated environment. Therefore, it is necessary to store the goods properly.

If quality assurance measures have been strictly followed during the manufacturing process, the conditions of the warehousing and storage play a

major role in ensuring that quality goods reach final users in good condition. They should normally be left in their original packaging during storage.

5.9 RESOLUTION OF DISPUTES

5.9.1 The dispute resolution methodology should be very clearly indicated in the contract document. As far as possible, disputes may be resolved with mutual agreement between the purchaser and supplier/ contractor through alternate dispute resolution methods to avoid going through arbitration and litigation stages.

5.9.2 There are a number of causes of disputes during the execution of contract. These may involve for example:

- Interpretation of the terms and conditions of the contract
- Delay in delivery/ completion of the works
- Delay in release of payments
- Independent test results
- Condition of the item on arrival at consignee' end after delivery
- Fixation of rate of the items, on account of variation in quantity of the items of BOQ in civil works contract etc.
- Design/ specification issues

5.9.3 It is also possible for a manufacturer to dispute a decision made by the inspection agency regarding product packing or appearance or testing/ inspection result. In most cases, manufacturers accept the results of independent laboratories and replace the rejected stores. Procedures for dealing with such disputes should be indicated in the contract.

5.9.4 To resolve day to day disputes, the bid documents provide for appointment of an adjudicator. If the decision of the adjudicator is not acceptable to either of the party, the dispute shall be referred to arbitration.

5.9.5 Dispute Review Board (DRB): Each contract for works estimated to cost US\$ 10 million [INR 460 million equivalent] or more shall include the provision for a dispute review board set forth in the standard bidding documents for works referred to in paragraph 2.12 of the Bank's procurement guidelines.

5.10 LAWS GOVERNING THE CONTRACT

- i) The contract shall be governed by the laws of India in force.
- ii) The courts of the place, from where the acceptance of tender has been issued, shall alone have jurisdiction to decide any dispute arising out of or in respect of the contract.
- iii) Irrespective of the place of delivery, the place of performance or place of payment under the contract or the place of issue of advance intimation of acceptance of tender, the contract shall be deemed to have been made at the place from where the acceptance of the tender has been issued.

5.11 ARBITRATION

In cases of ICB/ NCB for goods and works, the bid/ tender documents specify the procedure for appointment of arbitrator and his replacement etc. and provisions laid down therein should be followed. In other cases the following information should be suitably incorporated in the request inviting the quotations to obtain the consent of the bidder/ tenderer to accept the arbitration clause.

(i) In the event of any question, dispute or difference arising under the contract conditions or any special conditions of contract, or in connection with the contract (except as to any matters the decision of which is specially provided for by these or the special conditions) the same shall be referred to the sole arbitration of an officer, from the government department other than the department which decided the contract, having sufficient knowledge of law, appointed to be the arbitrator by the purchaser. The decision of the arbitrator shall be final and binding on both the parties to this contract.

(ii) In the event of the arbitrator dying, neglecting or refusing to act or resigning or being unable to act for any reason, it shall be lawful for the purchaser to appoint another arbitrator in place of the outgoing arbitrator in the manner aforesaid,

(iii) It is further a term of the contract that no person other than the person appointed by the purchaser as aforesaid should act as arbitrator and if for any reason that is not possible, the matter is not to be referred to arbitration at all.

(iv) Arbitrator may, from time to time, with the consent of all parties to the contract enlarge the time for making the award.

(v) In pursuance of a reference, the assessment of the costs incidental to the reference and award respectively shall be at the discretion of the arbitrator.

(vi) Subject to as aforesaid, the Arbitration and Reconciliation Act, amended up to date and the rules there under and any statutory modification thereof for the time being in force shall be deemed to apply to the Arbitration proceedings under this clause.

(vii) The arbitrator shall be requested to give reasoned award.

(viii) The venue of arbitration shall be the place from which formal Acceptance of Tender is issued or such other place as the purchaser at his discretion may determine.

5.12 INSURANCE

The goods/ works under supply must be fully insured against any loss or damage during transit or storage or during construction. In case of goods, insurance shall be taken for 110% of value of the contract. In case of works, insurance shall be taken equivalent to the cost of works i.e. 100% of the value of the contract.

5.13 PATENT RIGHTS

The supplier/ contractor should have proper and valid license/ right to the use of and/ or supply the product/ services for their design, material or manufacturing and its patent, trademark or industrial design rights in the purchaser's country. The supplier/ contractor should safeguard the interest of the purchaser from any

third party claim towards the infringement of same and indemnify the purchaser. Provision should be kept for the same in the contract.

5.14 FORCE MAJEURE

There could be circumstances/ events where the supplier/ contractor may not be in a position, in spite of his best efforts, to meet the delivery/ completion schedule due to events beyond their control and not foreseeable such as wars, or revolutions, fires, floods, epidemics, natural calamities, quarantine restrictions and freight embargo etc. In such cases suitable delivery extension based on merit of the case may be granted for arranging the delivery of goods or completion of works. Also the supplier shall not be made liable for forfeiture of performance security, liquidated damages or termination of contract as per provisions made in the contract elsewhere. A suitable clause may be provided in the contract to this effect.

5.15 COMPLAINT REDRESSAL MECHANISM (ALSO APPLICABLE TO PROCUREMENT OF SERVICES)

- 5.15.1 Complaint redressal mechanism as provided elsewhere in detail in this operational manual shall be followed.

5.16 PROCUREMENT AUDIT (Also Applicable to Procurement of Services)

Post review of all the contracts under the Project shall be conducted by the government auditors as per laid down procedure. All documents related to procurement should be filed and kept systematically and safely.

In addition, the World Bank will also have the right to conduct post review of the contracts. The concerned authorities will be required to make all relevant documentation available to the World Bank, as and when requested.

5.17 REVIEW OF CONTRACTS BY THE WORLD BANK (Also Applicable to Procurement of Services)

- 5.17.1 It is the Bank's policy to require that Borrower's, as well as bidders, suppliers, and contractors, under Bank financed contracts, observe the highest standard of ethics during the procurement and execution of contracts. In pursuance to this policy, the Bank will have the right to require that a provision be included in bidding documents and in contracts financed by a Bank loan/ credit, requiring bidders, suppliers, and contractors to permit the Bank to inspect their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by the Bank.
- 5.17.2 Contracts which are (i) not subject to prior review by the Bank, and (ii) awarded following these guidelines will be post reviewed by the Bank.
- 5.17.3 The Borrower shall retain all documentation with respect to each contract (including contracts subject to prior review by the Bank) during project implementation and up to two years after the closing date of the Loan Agreement. This documentation would include, but not be limited to tender documents, bids/ tenders submitted by the bidders/ tenderers, the original signed contract, the analysis of the respective proposals, and recommendations for

award, for examination by the Bank or its Consultants. The Borrower shall also furnish such documentation to the Bank upon request. If the Bank determines that the goods, work or services were not procured in accordance with the agreed procedures, as reflected in the Loan Agreement and also detailed in the Procurement Plan approved by the Bank or that the contract itself is not consistent with such procedures, it may declare mis-procurement as established in the procurement guidelines. The Bank shall promptly inform the Borrower the reasons for such determination.

5.18 RECORD KEEPING

5.18.1 All Purchase Departments shall maintain the following basic records:

CONTRACTS/ PURCHASE ORDER LOG --- containing a numerical brief record of all purchase orders issued i.e. purchase order number, supplier's name, brief description of stores, total value etc.

OPEN ORDER FILE --- containing status of all outstanding orders/ contracts.

CLOSED ORDER FILE --- containing historical data of all completed orders/ contracts.

VENDOR RECORD FILE --- containing names, addresses, materials that vendor can supply, delivery and quality records etc.

RATE CONTRACT FILE --- containing the purchase records of items under rate contract. It is especially important when the contract is an open one against which orders are placed.

PURCHASE REPORTS --- since the purchase department handles a sizable portion of organization finances, it is desirable to have some summary reports periodically (monthly/ quarterly/ half yearly/ annually) available to the management.

5.18.2 Besides the above, the purchase officers should maintain all the records of issue, receipt, opening, evaluation of tenders, award of contracts i.e. all pre-order and post-order records in chronological order and the files kept in an identified place and should be retrievable for scrutiny whenever needed without wastage of time. The records of complaint handling, correspondence with clients, consultants, Bank vendors etc. also should be kept separately and should be retrievable. Records should be maintained for a period of not less than two years beyond the project closing date and for any further period as may be decided by the government.

5.19 HIRING OF CONSULTANTS/ CONSULTANCY SERVICES

5.19.1 BACKGROUND

Definition of services includes training, workshops, hiring an agency or individual as procurement/ inspection agents, studies, management services, architectural services, technical services, preparation of designs and drawings and other consultant services.

All consultants shall be hired following the Bank's Consultant Guidelines of May 2004 as updated.

5.19.2 GENERAL CONSIDERATIONS

- High-quality services;
- Economy and efficiency;
- Give qualified consultants an opportunity to compete
- Encouraging the development and use of national consultants
- The importance of transparency in the selection process

The procedures to be followed in all cases are given below in brief;

5.19.3 STEPS

- Establish the need for the assignment and outsourcing the services
- Preparation of the Terms of Reference (TOR)
- Preparation of cost estimate and the budget
- Agreeing on the Contracting Strategy
- Advertising (for short listing of the firms when the purchaser has no knowledge about the firms who could take up the assignment)
- Preparation of the shortlist of consultants
- Preparation and issue of Request for Proposal (RFP)
- Letter of Invitation (LOI)
- Information to Consultants (ITC)
- Proposed contract
- Receipt of proposals [Technical and Financial in separate envelopes]
- Opening and Evaluation of technical proposals
- Evaluation of financial proposal
- Combined (technical & financial) evaluation
- Negotiations and award of the contract to the selected firm

5.19.3.1 Preparation of the Terms of Reference (TOR)

The Terms of Reference should include:

- A precise statement of objectives
- An outline of the tasks to be carried out
- A schedule for completion of tasks
- The support/inputs provided by the client
- The final outputs that will be required of the Consultant
- Composition of Review Committee (not more than three members) to monitor the Consultant's works
- Review of the Progress Reports required from the Consultant
- Review of the final draft report

- List of key positions whose CV and experience would be evaluated.

Output of the consultants is directly related to the TOR. Therefore, care should be taken in drafting the TOR to get the best results.

5.19.3.2 Preparation of cost estimate and the budget

The Cost Estimates or Budget should be based on the assessment of the resources needed to carry out the assignment, staff time, logistical support, and physical inputs (for example, vehicles, office space and equipment, electricity charges, telephone/ fax/ photocopying etc.). Costs shall be divided into three broad categories;

- Fee or remuneration to the staff;
- Reimbursable costs; and
- Miscellaneous expenses.

5.19.3.3 Contracting Strategy

Before starting the process of hiring of services, it is essential to determine the contract strategy viz. going for lump-sum or time based contract, individual vs. firm, advertising vs. internal short listing, terms of payment etc. Normal procedure for hiring of services would be Quality and Cost Based Selection (QCBS) following the Bank's Consultancy Guidelines.

5.19.3.4 Advertising

In case of contracts estimated to cost less than US\$ 200,000 equivalent, if a short list of six (6) consultants can not be prepared by the purchaser by its own knowledge, advertising through newspapers is the right way to compile the short list. Advertisement called Expression of Interest (EOI) is issued asking the potential service providers to indicate their interest in the assignment and provide abridged CVs of the proposed team members, their previous experience in similar type of assignment and the financial statement of the organisation for the last three (3) years by way of balance sheets. The advertisement (EOI) may be issued in the following media:

- Regional Newspapers;
- National Newspapers;
- International Newspapers;
- Technical Magazines; and
- HPRIDC Website.

EOI shall also be published in United Nations Development Business (UNDB) and dgMarket for contracts estimated to cost more than US\$ 200,000 equivalent.

5.19.3.5 Short listing

If advertisement has been issued calling the expressions of interest, responses received shall be evaluated to arrive at a shortlist of the consultants. In preparation of the shortlist, first consideration shall be given to those firms expressing interest, who possess the relevant qualifications. The shortlist shall comprise six (6) firms. In contracts below US\$ 500,000 equivalent, shortlist may comprise of national consultants only.

Government owned enterprises can be considered for award of consultancy assignments. However, such enterprises directly under the administrative control of the same Ministry/ Department under which the project is being implemented should not generally be considered for such assignments. Since PWD is a Government department, no fee can be paid to them under the project. If there is a fee to be paid to them, it will be paid from the State's own funds. This provision will also apply to those government undertakings under the administrative control of the same ministry/department at Central/State level under which project is being implemented.

5.19.3.6 Types of Contracts

Various types of contracts are:

- **Lump Sum** – These contracts are used for assignments in which the content and the duration of the work is clearly defined. Payment is made upon delivery of outputs. The main advantage of this type of contract is that it is easy to administer. Examples of Lump Sum contracts include Feasibility Studies, Environmental Studies, Detailed design of a standard structure etc.
- **Time Based** - These contracts are used for assignments in which it is difficult to define the scope and the duration of the work to be performed. Payment is based upon an hourly, daily, or monthly rate, plus reimbursable expenses using actual expenses or agreed unit rates. This type of contract provides for a maximum total payable amount that includes a contingency for unforeseen work and duration, price adjustments etc. Examples of Time Based contracts include Preparation of data, Complex Studies, Supervision of construction of civil works, Training assignments, Advisory services etc.
- **Percent contracts** relate to the fee paid to the consultant based upon the estimated or actual project construction cost or the cost of the goods to be procured or inspected. Percentage is established based upon market norm or standard practice in the industry. Examples of percent contracts include Architectural services, Engineering services, Procurement services, Inspection services etc.

5.19.3.7 Request for Proposals (RFPs)

The RFP shall include:

- A Letter of Invitation (LOI), which will include evaluation criteria
- Information to Consultants
- Terms of Reference
- Draft of the proposed contract

Proposals are received in two envelopes at the same time and date – one envelope containing the technical proposal and the other envelope containing financial proposal.

5.19.3.8 Opening and Evaluation of Proposals

First the technical proposals are opened publicly and evaluated based on the evaluation criteria given in the RFP document. The financial proposals of only

those consultants, who secure equal to or more than minimum qualifying marks, should be opened.

5.19.3.9 Negotiations and Signing of Contract

If required, negotiations on technical and commercial aspects under QCBS method of selection may be held with the consultant who scored the highest marks in combined evaluation (technical and financial evaluation) based on weightages indicated in the RFP for technical and financial proposal, and on conclusion of the same, the contract should be signed.

Normally no penalties are imposed on the consultants, be it a firm or individual, for unsatisfactory performance or delay in completion of the assignment/ services in the agreed time frame. It is hence suggested to do the performance evaluation of the consultant on completion of each assignment and keep the same in view while short-listing them for any future assignment.

5.19.3.10 Single source selection may be appropriate only if it presents a clear advantage over competition and on account of the following reasons

- For tasks that represent a natural continuation of previous work carried out by the firm.
- Where a rapid selection is essential (emergency operation).
- For very small assignments up to US\$ 100,000 equivalent (INR 4.6 million); or
- When only one firm is qualified or has experience of exceptional worth for the assignment.

5.19.3.11 Quality-Based Selection (QBS)

QBS method of selection is appropriate for the following types of assignments:

- Complex or highly specialized assignments for which it is difficult to define precise TOR and the required input from the consultants, and for which the client expects the consultants to demonstrate innovation in their proposals;
- Assignments that have a high downstream impact and in which the objective is to have the best experts; and
- Assignments that can be carried out in substantially different ways, such that proposals will not be comparable.

(i) In QBS, the RFP is issued to the short listed consultants with a request for submission of both technical and financial proposals at the same time, but in separate envelopes. The RFP shall provide either the estimated budget or the estimated man months of key professional staff, specifying that this information is given as an indication only and that consultants is free to propose their own estimates.

(ii) Here also first technical proposals are evaluated using the same methodology as in QCBS. The consultants who obtain less than the minimum qualifying marks will be rejected. Financial proposal of the highest ranked consultant firm will only be opened. The Borrower shall then negotiate the financial proposal and a contract with the consultant. All other aspects of the selection process shall be identical to those of QCBS.

5.19.3.12 Consultants' Qualifications (CQS)

This method may be used for small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the Borrower shall prepare the TOR, request expressions of interest (EOI) and information on the consultants' experience and competence relevant to the assignment, establish a short list, and select the firm with the most appropriate qualifications and references. The selected firm shall be asked to submit a combined technical-financial proposal and then be invited to negotiate the contract.

5.19.3.13 Fixed Budget Selection (FBS)

This method is appropriate when the assignment is simple and can be precisely defined and when the budget is fixed. The RFP shall indicate the available budget and request the consultants to provide their best technical and financial proposals in separate envelopes, within the budget. TOR should be particularly well prepared to make sure that the budget is sufficient for the consultants to perform the expected tasks. Evaluation of all technical proposals shall be carried out first as in the QCBS method. Then the financial proposals shall be opened in public and prices shall be read out aloud. Proposals that exceed the indicated budget shall be rejected. The Consultant who has submitted the highest ranked technical proposal among the rest shall be selected and invited to negotiate a contract.

5.19.3.14 Least-Cost Selection (LCS)

LCS is appropriate for selecting consultants for assignments of a standard or routine nature (audits, engineering design of noncomplex works, and so forth) where well-established practices and standards exist. Under this method, a "minimum" qualifying mark for the "quality" is established. Proposals, to be submitted in two envelopes, are invited from a short list. Technical proposals are opened first and evaluated. Those securing less than the minimum qualifying mark are rejected, and the financial proposals of the rest are opened in public. The firm with the lowest price shall then be selected. Under this method, the minimum qualifying mark shall be established and stated in the RFP, understanding that all proposals above the minimum compete only on "cost."

5.19.3.15 Individual Consultants

Each contract for individual consultants is expected to cost below US \$ 50,000 equivalent (INR 2.3 million) only. For hiring of individuals, it will be necessary to finalise the job description, minimum qualifications, experience required and terms of employment. Thereafter, an advertisement may be published in the national and regional newspapers indicating the above details. The applications received shall be scrutinized and shortlist shall be prepared. Thereafter, the individuals shall be called for interviews/discussions and final ranking shall be prepared. Top ranked individual would then be selected and offered the assignment.

5.19.4 Disclosure

For consultant service contracts, under QCBS method of selection, publish in UNDB online and in dgMarket the following information: (a) the names of all consultants who submitted proposals; (b) the technical points assigned to each

consultant; (c) the evaluated prices of each consultant; (d) the final point ranking of the consultants; (e) the name of the winning consultant and the price, duration, and summary scope of the contract. The same information shall be sent to all consultants who have submitted proposals.

For contract awards under single source selection and consultant's qualifications publish in UNDB online and in dgMarket the name of the consultant to whom the contract was awarded and the price, duration, and scope of the contract. This publication may be done quarterly and in the format of a summarised table covering the previous period.

The above information regarding procurement of services, irrespective of value, shall also be published on the HPRIDC website.

In addition the following information shall also be published on the HPRIDC website:

- Annual procurement plan/schedule promptly after finalization; and
- All Request for proposals (RFPs).

CHAPTER 6 – CONTRACT MANAGEMENT

6. CONTRACT MANAGEMENT

6.1 Responsibilities of the Parties

6.1.1 The two parties to the contract are the Employer and the Contractor.

6.1.2 Employer is responsible for defining the scope of the work, setting the standards to which the work shall be constructed and completed, providing possession of site to the Contractor, making payments, approving any variations or design changes, coordination with other government agencies and getting clearances from them wherever mentioned in the Contract.

6.1.3 Contractor is responsible for construction methods, provision of competent and experienced personnel, supply and organization of labour, job safety, traffic management, environmental management and mitigation including clean-up operations, construction-related quality assurance and quality programmes, compliance with all laws relevant to the work, and overall completion of the Contract Works. He will keep proper records including those for quality, inspection, rejection or rectification of work.

6.1.4 Engineer is the party mentioned in the Contract. The Engineer, as such, is the consultancy firm engaged by the Employer or any official of HPRIDC designated as such. The firm is, however, required to appoint a person to act as the Engineer and delegate to him the responsibilities to work and act on its behalf and carry out most of the functions related to the project. The consultancy firm may have internal regulatory and control arrangements with the said person and give him required directions.

6.1.5 The Engineer is responsible for administering the Contract, inspection of plant, materials and workmanship, making measurements of quantities as work proceeds and making engineering decisions where ambiguities or unforeseen circumstances occur. He will act impartially, give proper and timely advice to the Employer/Contractor to enable corrections during execution, and give reasons for his recommendations and decisions when called by the Employer. He will keep proper records including those for quality, inspection, rejection or acceptance of work, and make available such records as may be called for by the Employer.

6.2 Land Acquisition, Forestry and Other Clearances

The process of land acquisition shall be started by the Employer, through the Chief Engineer-cum-Project Director, well ahead and completed entirely, or at least substantially, by the time contract is awarded. The Chief Engineer-cum-Project Director shall also pursue with the following departments for requisite clearances so that the progress of work is not impeded and incidence of delay claims by the contractor is avoided.

Ministry of Environment and Forests for environmental clearance;

Forest Department – Clearance and Permission under Forest Conservation Act for diversion of forest land and tree cutting and compensatory afforestation;

State Mining and Minerals Department (Industries) for mining of earth and stone;

Archaeology Department for clearance with respect to protected monuments and archeological structures;

Industries Department for blasting permission, if required;

Irrigation & Public Health Department and or Local Authorities such as Corporations/ Municipalities for relocating water supply and sewer pipe lines, community hand pumps etc.;

Telecommunication Department for re-locating telephone lines and poles;

Himachal Pradesh State Electricity Board for shifting or removing of electricity poles, lines etc.;

Optical Fibre Cable Service (OPC) providers for cables;

District Administration, for Rehabilitation and Resettlement (R&R) of persons affected by the project and Land Acquisition;

Police Department for traffic control;

Village Panchayats, Affected Communities/ Individuals for shifting of religious structures

Ministry of Petroleum for adjustment in the sites of petrol pumps and gas lines; and

Railways, for conversion of level crossings into ROB/RUB, and laying of project needed railway sidings.

6.3 Duties and Powers of the Engineer

The Engineer has no general authority to relieve the Contractor of any of his obligations. He may appoint and delegate, in writing with copy to the Contractor, duties and/or authority to the Engineer's Representative (who may be called Resident Engineer). The Engineer may reject work despite the failure of Engineer's Representative to do so. The Contractor may query any action of the ER/RE with the Engineer who may vary or overrule it. Various duties and powers of the Engineer are stated in the Conditions of the Contract and Construction Supervision Agreement. Under the contract his three main functions are: Approval and Acceptance, Evaluation, and Instructions.

6.3.1 Approval and Acceptance

- a) Approval of the Contractor's programme, his proposed methods of working, and cash flow statement;
- b) Approval of setting out of works;
- c) Temporary Works approval;
- d) Issue of Working Drawings;
- e) EMP-work programme and procedures for EMP implementation;
- f) Acceptance of workmanship and approval of the quality of materials;
- g) Approval of measures to deal with problems such as unforeseen physical conditions or slow progress;
- h) Issue of certificates accepting the work as substantially complete and accepting the satisfactory completion of the maintenance period; and
- i) Application of the test of 'satisfaction' as the standard of compliance for all matters pertaining to the Contract, including maintenance of records.

6.3.2 Evaluation

- a) Explanation and adjustment of ambiguities, discrepancies, errors and omissions in the Contract Documents;
- b) Assessment of whether physical conditions or artificial obstructions were 'unforeseen';
- c) Assessment of delays and evaluation of extra costs incurred by the Contractor;

- d) Allocation of liability of damage to the Works or public highways;
- e) Assessment of the rate of progress against completion date;
- f) Assessment of any extension to the Contract period;
- g) Measurement and valuation of Works for interim payment and final account
The Engineer shall take measurements of the works independently and not through a different agency/subcontractors; and
- h) Evaluation of whether and how contract rates should be varied to take into account changes in the Works.
- i) Environmental Management Plan Compliance

6.3.3 Instruction

- a) Giving order to commence the Works;
- b) Issue of further drawings and variation orders to supplement, delete or modify any part of the Works;
- c) Suspension (for a limited period) of the works due to weather, default of the Contractor, reasons of safety or the presence of unforeseen physical conditions;
- d) Direction to the Contractor in dealing with unforeseen physical conditions;
- e) Ordering removal and substitution of improper work and/or materials;
- f) Ordering corrective actions for any non-compliance with regard to EMP;
- g) Direction to the Contractor regarding the use of provisional or prime cost items in the bill of quantities; and
- h) Direction of the Contractor regarding the keeping and maintenance of particular contemporary records in connection with any claim.

6.3.4 Consultation with and approval of the Employer

Consultation with the Employer, where required, shall be adequate and visible. In certain specified responsibilities, listed below, the Engineer is obliged to obtain prior permission and specific approval of the Employer before taking appropriate decisions.

- a) Issuing notice to commence the work;
- b) Consenting to subletting any part of the Works;
- c) Certifying additional cost on account of unforeseen physical obstructions and conditions;
- d) Determining any extension of Contract time;
- e) Ordering suspension of work;
- f) Fixing new rates or prices;
- g) Issuing order for Special Tests not provided in the Contract;
- h) Issuing changes or additional Specifications;
- i) Issuing a variation except if such variation would be within the limits as indicated below;
 - i) Variation in individual BOQ Items: The 'Engineer' is authorized to issue variation order up to 25% of the value of individual item or 1% of contract value whichever is less.
 - ii) New items (Non-BOQ items): Before issuing orders to execute new items of work (non BOQ items), 'Engineer' shall obtain technical approval from Employer.
 - iii) Subject to provision under (i) & (ii) above, the 'Engineer' is authorized to issue cumulative variations up to a limit of 10% of the original contract

value (less negative variations/savings). The overall limit shall apply collectively on all BOQ items as well as non-BOQ items and shall include all the variations issued till that point of time including those approved otherwise than by the Engineer. The overall limit shall be exclusive of escalation.

- iv) Any variation beyond above limits (individual items and overall variations) shall be approved by the Employer.
- j) Notwithstanding the obligation, as set out above, to obtain approval, if, in the opinion of the Engineer for reasons to be recorded in writing, an emergency occurs affecting the safety of life or of the works or of adjoining property, he may, without relieving the Contractor of any of his duties and responsibilities under the Contract, instruct the Contractor to execute all such work or to do all such things as may, in the opinion of the Engineer, be necessary to abate or reduce the risk. The Contractor shall forthwith comply, despite the absence of approval of the Employer, with any such instruction of the Engineer. The Engineer shall determine an addition to the Contract Price, in respect of such instruction, in accordance with conditions of the contract and shall notify the Contractor accordingly, with a copy to the Employer.

Chief Engineer-cum-Project Director should send his report and detailed comments quickly whenever such approvals are sought by the Engineer and ensure that all initial formalities are complied with. EE, CMU should ensure that the requisite approvals are communicated promptly.

6.3.5 Other Responsibilities of the Engineer

The Engineer has to perform several other duties stipulated in the Works Contract and Supervision Contract. These may include but not be limited to, the following:

- a) Prepare, in consultation with the Employer, a Construction Supervision Manual outlining routines and procedures to be applied in management, construction supervision and administration including EMP compliance. In order to ensure a minimum threshold for quality assurance by the contractors during construction the Supervision Consultants will prepare their project specific Quality Assurance plans which will contain the following the guidelines contained in the Quality Assurance Manual;
- b) Assist/advise Employer for advance action to be taken to achieve different milestones for completion of the project as per schedule;
- c) Write a Daily diary to record all events and information relating to the administration of the Contract; which may at a later date be of assistance in resolving queries that may arise concerning execution of the works;
- d) Prepare and issue monthly and quarterly progress reports along with detailed quality control test statement in an approved format;
- e) Advise the Employer on all matters relating to claims from the Contractor and to make recommendations thereon including the possible recourse to arbitration;
- f) Prepare quarterly cash flow projections for the Employer in an acceptable form, bringing out fund requirements;
- g) Update cost estimates at specified intervals (such as yearly/ quarterly completion/or at 50% and 100% completion stage);
- h) Make independent measurements and check all quantity measurements and calculations required for payment purposes
- i) Superintend and ensure performance by the Sub-contractors and Joint Ventures strictly as per approvals given and terms of the Agreement;

- j) Inspect the works during construction regarding safety, adequacy of methods of construction, quality, and deployment of the required materials and equipment;
- k) Inspect the works at proper intervals during Defects liability Period, issue Defects Liability Certificate after rectification by the Contractor of possible defects, and issue final payment certificates;
- l) Verify and correct the 'as-built' drawings supplied by the Contractor;
- m) Advise and assist the Employer with respect to arbitration, litigation, if so required, and at the end of the job give complete handing over notes regarding pending differences, disputes and claims;
- n) Maintain records of all plant, labour and material used in construction of the works;
- o) Assist the Employer in taking over from the Contractor each section in particular by preparing list of deficiencies/defects which need to be corrected, and further assist with monitoring of the performance of the works during the Defects Liability Period;
- p) Prepare a Maintenance Manual outlining the routines to be adopted in each specific reach and for bridges and culverts including Environment, Health and Safety Aspects also);
- q) Assist the Employer in providing clarifications/explanations to observations made from time to time by Audit; and
- r) Provide, on agreed terms, other specialist services relevant to the project as ordered by the Employer.

6.4 Commencement of Works

After signing the Contract and issue of Letter of Acceptance, the following steps become mandatory:

- a) The Engineer instructs the Contractor to 'Commence the Works';
- b) The Contractor, within the stipulated time, submits to the Engineer for his consent: (i) programme in such form and detail as the Engineer reasonably prescribes; (ii) methods statement which the Contractor proposes to adopt for execution of the Works, and (iii) Quality Assurance Plan – only General Procedures at this stage; and
- c) The Employer provides to the Contractor total or partial possession of site.

6.5 Setting up of Milestones

'Deadlines' or 'Contractual Milestones' should be set up and tabulated to facilitate monitoring of the progress of work.

6.6 Quality Assurance

Quality Assurance should be put in place to: (i) give confidence that performance at all levels and stages of construction are being managed appropriately, and (ii) provide documented evidence that all specified requirements are met. This will be achieved through a structured arrangement comprising the following elements.

6.6.1 Quality Assurance Manual (QAM) of the Employer

QAM of HPRIDC shall spell out the quality policy of the HPRIDC, the various duties of the contractors, the requirements of quality assurance as per ISO:9000-2001, working out of quality index, reference to IRC guidelines, requirements for ensuring compliance to environment, health and safety provisions, use of standard forms for different objectives etc. This will set the minimum benchmark. The QAM of NHAI shall be followed in principle for HPRIDC.

6.6.2 Supervision Manual of the Supervision Consultant

This will be job specific and elaboration of QAM as applicable to that job. It will embrace the consultant's arrangements for quality assurance, his internal quality audits, the various approvals to be obtained from time to time for different items, process and methods for EMP implementation non-conforming procedures, detailed Performance or documentation etc.

6.6.3 Quality Management Plan (QMP) of the Contractor

QMP to be submitted by the contractor for the subject work will detail his own quality control measures and quality organisation, both on and off the site, detailed methodology (to be got approved from the Engineer) for different items, including compliance of environment, health and safety provisions, describing various processes, controls, equipments to be used, calibration, site laboratory, non-conforming procedures, handling and storage, and such other site requirements to ensure quality product.

6.6.4 Quality Audit

It will be an independent examination to determine whether quality activities and related result comply with planned arrangements and whether these arrangements are implemented effectively and are suitable to achieve objectives.

6.6.5 IRC Publications

Indian Roads Congress has published two guidelines, which can be referred to,

- a) IRC: SP: 57-2001 'Guidelines on Quality Systems for Roads'
- b) IRC: SP:47-1998 'Guidelines on Quality Systems for Road Bridges (Plain, Reinforced, Pre stressed and Composite Concrete)'

6.7 Quality Management Plan

6.7.1 General

Quality Management Plan to be established by the Contractor should give written description of: (i) site management structure and the particular responsibility of each individual (ii) appropriate general procedures (iii) specific work procedures (iv) individual quality plans for important packages of work listing quality requirements including any inspection tests or hold points. The Employer should see that the Plan is effective.

6.7.2 Design

Where contractor-designed items and temporary works design are required, appropriate procedures will be written. These should cover design criteria, the process of design, and design checks. The procedures will be structured to comply with relevant standards and codes of practice.

6.7.3 Inspection, Measuring and Test Equipment

The contractor should control, calibrate and maintain all his inspection, surveying and test equipment. He should ensure that such equipment employed by his sub- contractors is, like-wise, adequately controlled.

6.7.4 Construction Control and Inspection

Control of quality will be achieved by proper implementation of procedures, method statements and works instructions. The contractor's quality programme shall provide for inspection to be carried out during construction on all the important items which cannot be checked at a later stage. Checklists shall be provided for such inspections.

6.7.5 Workmanship

Workmanship shall be as per approved methodology and established standards and codes; and where standards are not available, then as per approved samples.

6.7.6 Purchasing

The Contractor shall establish and maintain documented procedures to ensure that: (i) all purchased products conform to specified requirements; (ii) they are handled, stored, combined with other products, installed and used in accordance with the manufacturer's recommendations and (iii) the materials are compatible with the other products and works

6.7.7 Product Identification and Traceability

The Contractor shall maintain data and documentation that allow product identification and tractability during all stages of production, delivery and construction. The Contractor shall identify all samples and test results with the field locations to which they relate. Work under the Contract shall be subdivided into lots or discrete work areas and controlled in accordance with the Engineer's requirements.

6.7.8 Process Control

The Contractor shall identify all factors affecting the quality of the product, and plan the production, installation and processes to ensure that these are carried out under controlled conditions. The Contractor shall document the decisions on the requirement and content of the Technical Procedures or Process Control Plans.

6.7.9 Inspection and Testing

The Contractor shall establish Inspection and Test Plans for all manufacturing and construction activities in order to verify that the specified requirements are met. The sequence of all activities identified in the Inspection and Test Plans shall be concisely described in the process control documentation or by a process flow diagram.

The Engineer shall be given access, in conjunction with or through the Contractor, to all laboratories and other facilities used for quality control inspections and tests. The Contractor shall establish and maintain a system to ensure and demonstrate that all products or parts of products requiring inspection and/or testing are so inspected and/or tested.

Frequency of testing shall be appropriate to verify conformity and shall not be less than stated in the specifications. Where no minimum frequency of inspection or testing is stated in the Specification, the Contractor shall nominate appropriate frequencies in the Inspection and Test Plan(s), to be approved by the Engineer.

6.7.10 Inspection and Test Status

Records shall be maintained to identify inspection and test status of all works under the Contract.

6.7.11 Control of Non-conforming Product

The Contractor shall establish an appropriate method for identification and control of all occasions where the product/work or service fails to pass any inspection or test in accordance with the deemed acceptance criteria.

Where conformity cannot be achieved either by reworking or repair, the Contractor shall notify the Engineer of the non-conformity and record it in an appropriate register. The non-conformance report will indicate the proposed disposition, calculations of any deductions, and when the disposition is to be undertaken.

If surveillance or an audit by the Engineer indicates a non-conforming product that has not been addressed by the non-conformance report by the contractor, the engineer will issue a non-conforming product notification.

A non-conforming product/work shall neither be covered up nor be further built in unless a disposition has been accepted by the Engineer and implemented by the Contractor.

6.7.12 Preventive and Corrective Action

The Contractor shall review, analyse and record the cause of all detected non-conformities and develop corrective action to eliminate the cause of non-conformities. This shall include both the determination of immediate action to prevent recurrence, as well as long-term corrective action.

6.7.13 Control of Quality Record

The Contractor shall establish and maintain documented procedures for identification, collection, indexing, access, filing, storage, maintenance and disposition of quality records. Quality records shall be maintained to demonstrate conformance to the required quality and the effective operation of the quality system. In case of nonconformities, records of repair, rectification, retesting, inspection and acceptance shall be kept.

The records shall be so stored and maintained that they are easily retrievable, and are in appropriate facilities/environment to minimize deterioration or damage, and to prevent loss.

The Contractor shall make the quality records available to the Engineer at all reasonable times, and where requested by the latter, permit him make copies.

6.8 Work Programme

The Contractor will, within the specified period, prepare construction programme for submission to and approval of the Engineer. The programme should show the proposed order of work and dates for commencement and completion of various stages. The programme should include:

- a) Bar Chart showing proposed month-wise execution of quantities of principal items of work; and
- b) Critical Path Method/PERT analysis of various activities from start to completion.

The programme shall be:

- a) complete (i.e. include all activities along with EMP compliance actions);
- b) accurate (activities are properly sequenced);
- c) based on the resources and equipment deployed and their efficiency;
- d) related to the site conditions;
- e) able to show realistic reductions of output of relevant activities during the monsoon period;
- f) not structured in a manner as to exploit any pending action on the part of the Employer; and
- g) designed to provide for periodic updating.

6.9 Revised Programme

If the progress of work is falling significantly behind schedule or the Contractor is not following the programme, the Contractor shall produce, at the request of the Engineer, a revised programme showing modifications to ensure completion of the Works within the

Time for Completion. Impliedly, the revised programme will contain all the supporting details of revised resources.

6.10 Methods Statement

6.10.1 The Contractor shall provide a general description of the arrangements and methods he proposes to adopt for the execution of the works for approval of Engineer before hand. These would include environment management plan during construction stage and traffic diversion/opening of roads as temporary measures.

6.10.2 These methods statement shall be written in the form of various steps in the required sequence, supplemented by sketches where necessary, and shall be self-explanatory. No change shall be made by the Contractor from the approved procedures without first obtaining the approval of the engineer to the proposed changes. List of principal activities and their expected form of detailing is given in Table B.

6.10.3 The consent of the Engineer to the Programme and Methods Statement does not relieve the Contractor of his contractual responsibilities.

6.11 Traffic Safety

The maintenance of existing road as well as safety during construction has to be maintained by the contractor with utmost sincerity. Only because some of these items are not part of BOQ but incidental to main work, the contractors should not shirk their responsibility for maintenance and safety. The Engineer has to satisfy himself as well as HPRIDC or Agency about compliance of the safety and maintenance requirement.

In case of non compliance by the contractor or the supervision consultant, an amount of 1% should be with held from each IPC payment or monthly invoice of the consultants, as case may be, released only after the measures as per contract provisions are taken. In spite of this, if adequate traffic safety measures are not taken by the Contactor, appropriate action may be initiated as per the contract.

6.12 Approval of Quarries, Borrow Areas and Materials

6.12.1 Quarries and Borrow Areas

The Contractor will obtain approval of the Engineer for each quarry and borrow area to be used in the Project prior to commencement of quarrying and/or borrow area excavation activities. The Engineer should consider, inter alia, the following aspects before granting approval:

- a) the Contractor has legal approval by the owner to excavate/remove materials from the proposed quarry/borrow area;
- b) any statutory permission required from the Government has been obtained;
- c) the proposed materials meet specification requirements;
- d) the Contractor submits an acceptable 'Environment Management Plan' for development, use and closing down of the proposed quarry/borrow area, together with any other approvals or documents that may be required from the concerned authorities; and
- e) the Contractor gives an undertaking that he will pay all royalty and other levies/dues.

Based on the proposal of the Contractor, and receipt of site inspection report of the Engineer's team, the Engineer will: (i) approve the proposed quarry/borrow area, or (ii) give approval subject to one or more required changes, or (iii) ask for a revised proposal, giving details of required changes, and additional requirements, or (iv) reject the proposed quarry/borrow area.

6.13 Materials

6.13.1 All materials (whether natural, processed, manufactured, or designed) proposed by the Contractor to be used on the Works shall be first got approved from the Engineer to comply with the requirements of Specifications.

Approval of natural materials will be done first by approving the quarry or borrow area, and then on the basis of test results meeting the specifications and trial results.

Approval of processed materials will be done after they meet the test results, and have evidence of satisfactory production and storage conditions.

Approval of manufactured materials will be based on submission of appropriate test results by the manufacturers, and then on positive results being obtained for acceptance.

Approval of the designed materials (like, concrete mix, bituminous mix) will be done stage-wise, involving approval of: the source of quarries; the individual processed material; laboratory-based mix design; plant mix design; trial section and finally, successful laying in accordance with the approved methodology, conformance to quality control requirements and tests as per provisions of the Specifications.

Following initial approval, the quarries, borrow areas and materials shall be continuously monitored by the Engineer to ensure continued adherence with the design Specifications. If and when the materials fall outside the acceptance criteria the situation may call for: (i) changes in the quarries/borrow areas; (ii) modifications of the process and/or design in the case of processed or designed materials, and (iii) change of source of procurement in the case of manufactured materials.

6.14 Compliance with Laws

6.14.1 In carrying out the Contract, the Employer and the Contractor, in their respective areas of performance, shall comply with the provisions of all statutes, regulations and bylaws of the Union Government, the State Government, Local Bodies and other public authorities that may be applicable to the Contract Works. A list of existing Acts and regulations which are relevant to road construction is given below in Table A.

6.14.2 The Contractor shall give all notices and obtain all other necessary permits and approvals as may be required for the construction of the Contract Works' and shall pay for all such permits and approvals.

Add here – list all main/standard requirements (and say not limited to)

6.14.3. The Engineer will check the above and ensure compliance. The EE of CMU will test check and monitor.

Table -A

Existing Acts And Regulations Relevant To Road Construction

(Ref. Para 6.14.1)

(a) Labour Laws And Regulations

1. Industrial Disputes Act, 1947
2. Minimum Wages Act, 1948
3. Payment of Wages Act, 1936
4. Provident Funds Acts, 1956
5. Workmen's Compensation Act, 1923
6. Contract Labour (Regulation and Abolition) Act, 1970
7. Children (Pledging of Labour) Act, 1983
8. Employment of Children Act, 1938
9. Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
10. Industrial Employment (Standing Order) Act, 1946
11. Employers' Liability Act, 1938
12. Employees' State Insurance Act, 1948
13. Employees' Provident Funds and Miscellaneous Provisions Act, 1952
14. Payment of Gratuity Act, 1972
15. Apprenticeship Act, 1961 [applicable if road construction is a "Designated Trade" under Section 2 (ii) (e)]
16. Equal Remuneration Act, 1979
17. Payment of Bonus Act, 1965
18. Weekly Holidays Act, 1942
19. The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
20. Public Liability Insurance Act, 1991
21. Maternity Benefit Act, 1951
22. Building and other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996
23. The Factories Act, 1948

(b) Other Laws & Regulations

1. Industries (Development and Regulation) Act, 1951
2. The Government Building Act, 1899
3. Telegraph Act, 1885
4. Tolls Act, 1888
5. Treasure –Trove Act, 1878
6. Air (Prevention and Control of Pollution) Act, 1981
7. Customs Act, 1962
8. Contract Act,
9. The Indian Explosives Act, 1884
10. Imports & Exports (Control) Act, 1947
11. Land Acquisition Act, 1894
12. Prevention of Damage to Public Property Act, 1984
13. River Boards Act, 1956
14. Arbitration and Conciliation Act, 1996
15. Collection of Statistics Act, 1953
16. The Motor Vehicles Act, 1988
17. The Indian Electricity Act, 1919 and Rules 1956
18. Mines Act, 1959
19. Water (Prevention and Control of Pollution) Act, 1974

- 20. Environment (Protection) Act, 1986
- 21. Forest (Conservation) Act, 1980

(c) Relevant State & Local Laws

(These laws shall be as in force in the Himachal Pradesh).

(d) Any other relevant laws in forces shall be applicable

*Table -B***Methods Statement**

(Ref. Para 6.10.2)

The Methods Statement to be furnished by the Contractor in respect of each major activity shall be step-wise sequencing of tasks, and should be detailed and meaningful. The Engineer shall either straightaway give his consent or ask for modification, before acceptance. The following lists out some important activities, and details out what would be expected.

(a) Major Earthwork Operations

- (i) Tests of borrow areas;
- (ii) Type and number of excavation plant, transportation machinery and their anticipated outputs;
- (iii) Method of working in cut and fill sections;
- (iv) Type and number of spreading plant for filling and anticipated outputs;
- (v) Testing and layer approval;
- (vi) Type and number of compaction plant and anticipated outputs;
- (vii) Method of working for site clearance and dealing with trees and vegetation;
- (viii) Setting out and control of levels and batters;
- (ix) Details of disposal areas for unsuitable material;
- (x) Details of suitable borrow areas for imported fill;

(b) Bridgeworks

- (i) Details of all temporary works for construction of substructure and superstructure including any cofferdam;
- (ii) Details of piling, well-sinking method, open foundation, bed protection;
- (iii) Details of proposed formwork and false work requirements.
- (iv) Reinforcement, duct fixing and threading of cables;
- (vi) Concreting and curing;
- (vii) Stressing, anchorages, and grouting;
- (viii) Manufacture of bearings, their testing and installation;
- (ix) Parapet rail fabrication and fixing;
- (x) Back filling.

(c) Pavement Works

For flexible and/or rigid construction including sub-base, road base, DBM and asphaltic layers or DLC and pavement concrete;

- (i) Proposed method of working e.g. preparation of surface, control of levels, etc.;

- (ii) Type and number of laying plant and anticipated outputs;
- (iii) Type and number of compaction plant and anticipated outputs.
- (d) Environmental safeguards

The measures to be taken by the contractor shall be addressed to the prevention of any damage or pollution to the environment at the site and adjoining area, viz.

- (i) Disposal of waste materials and construction equipment on completion of works;
- (ii) Air and noise pollution from construction activities;
- (iii) Labour camp;
- (iv) Effluent treatment and waste disposal;
- (v) Social disturbance caused by the presence of the temporary labour force;
- (vi) Effects on navigation and water flow at bridge crossings;
- (vii) Restoration of quarry areas.

(e) Temporary Traffic Diversions and Traffic Management

- (i) Details any temporary traffic diversions that may be required in order to execute the works safely;
- (ii) Proposed length of diversion;
- (iii) Duration of operation of diversion;
- (iv) Constructional details of diversion including signages;
- (v) Details of proposed traffic management, including liaison with the police and concerned authorities.

(f) Concrete Production and Transport Detail proposed set-ups for the production and transport of asphaltic and bituminous concrete product:

- (i) Location and layout of batching plants;
- (ii) Details of plant size, type and estimated outputs;
- (iii) Details of cement storage and handling;
- (iv) Details of aggregate stockpiles and storage capacities;
- (v) Details of water supply and chilling arrangements;
- (vi) Details of proposed transport of concrete.

(g) Asphaltic Concrete Production and Transport Details of proposed set-up for the production and transport of asphaltic and bituminous paving products:

- (i) Location and layout of asphalt plant;
- (ii) Details of plant size, type and estimated outputs;
- (iii) Details of aggregate stockpiles, handling etc.;
- (iv) Details of bitumen storage, heating facilities etc.;
- (v) Details of proposed transport of mixed materials;

(vi) Details of preventing dust nuisance.

(h) Quarrying and Crushing Operations

Details of proposed set-ups for the production of aggregates and other stone products to be incorporated in the works:

(i) Location of proposed quarry;

(ii) Details of proposed method of operation of quarry i.e. development and operation of quarry face, outputs etc.;

(iii) Details of proposed plant installations giving type and size of main items and layout of crushing operations showing production flow through to final products.

(i) Control and Administration Systems

This will give details of the following:

(i) Codes of Practice to be used for the design of temporary or permanent works for which the contractor is responsible, and copies of codes that will be kept in the site library;

(ii) Inventory of standard specifications covering every element of the works and copies of which will be held in the site library;

(iii) Drawing management system;

(iv) Establishment and checking procedures for main survey beacons and bench marks;

(v) Routine for checking and calibration of surveying instruments;

(vi) Layout of laboratory and inventory of materials testing equipment;

(vii) Statutory laws, acts and Regulations that relate to any operations that will be performed, specifically relating to control and use of explosives and detonators, operation of machinery, health and safety on site, environmental safeguards, etc.;

(viii) Fire prevention and fighting measures;

(ix) Safety measures;

(x) First aid facilities and procedures to be adopted in the event of accidents to personnel;

6.15 Subcontracting

The Works Contract provides for the Contractor to get specified works executed from subcontractors included in the Pre-qualification application, or later on consented to by the Employer, notwithstanding the fact that responsibility for all subcontract work rests with the prime Contractor. Subcontracting will generally be for specialized item of work, such as reinforced earth retaining walls, pre-stressing works, etc. Procurement of material, hire of equipment or engagement of labour will not mean subcontracting. The total value of subcontracting work will not exceed 25 % of the Contract Price or as specified in the contract. Subcontracting by the Contractor without the approval of the Employer shall be a breach of Contract. The following procedure shall be followed in giving approval of subcontractors.

6.15.1 Subcontractor Assessment Procedures and Guidelines

Subcontractor has got to be approved before being allowed to come to the site.

- a) The Contractor should promptly intimate to the Engineer about the subcontractor moving to the site. The Engineer shall provide to the Employer an assessment of the subcontracting proposal, noting the location, types and value (and percentage) of the works, the likely mobilization period required to accomplish these works, and a review of the subcontractor's qualification with regard to his proposed works. In essence, the assessment would be similar to that conducted for the Contractor during prequalification, except that only the qualifications relevant to the designated works to be subcontracted are to be considered.
- b) In case the Engineer discovers an unapproved subcontractor working at the site, he shall notify the Contractor, in writing, of the breach of Contract. A copy of this correspondence shall be forwarded to the Employer.
- c) Upon receipt of this notice from the Engineer, the Contractor is to immediately take steps to remove the subcontractor from the site. Failure by the Contractor to do so will constitute breach of Contract on his part.

6.15.2 Responsibilities

If a Contractor persists with the engagement of a non-approved subcontractor, despite a notice from the Engineer for his removal, then the work done by such a subcontractor shall not qualify for payment, besides its constituting, as mentioned above, a breach of Contract, and non-compliance of directions on the part of the Contractor, entailing action as provided in the Contract

6.15.3 Powers to grant approval to subcontracting

All proposals for subcontracting shall be got approved from the competent authority.

6.16 Delays and Extension of Time

Contractor may experience delay or disruption due to his own actions or inaction, those of his subcontractor or other suppliers, those of the Employer or the Engineer, or other causes. Such delays expose the non-performing party to various sanctions under the Contract. These sanctions include extension of time, damages or determination of the Contract. While examining the request of the Contractor for extension of time, the Engineer shall consider all the circumstances and see whether:

- a) Force Majeure applies viz. acts of God, adverse weather, floods etc.;
- b) Delay is compensable (the Employer delaying payments, wanting to make changes, altering the sequence of construction; the Engineer not giving

timely decisions, or there being unforeseen site conditions etc.), which affords the Contractor both additional time and money; and

- c) Delay is inexcusable (Contractor's own faults), which puts the full burden of responsibility on the Contractor. To determine the nature of delay, its consequences and the kind of relief available to the Contractor, the source of event, the cause and factors surrounding the delay will need to be examined. Once the delay is categorised, it should then be determined not only whether the Contractor is eligible for time extension and/or monetary relief but also whether sanctions, such as liquidated damage or default determination, can be imposed on the Contractor.

6.16.1 Delay Administration

A system should be set up whereby all delay, alleged delay, notice of delay, variations that conceivably cause delay, hindrances and obstructions, lack of possession of site etc. are recorded.

6.16.2 Extension of Time (EOT)

As the Contract Progress

EOT must not be left to the end; it should be dealt with promptly during the progress of the contract. For ongoing critical delay, there are provisions for interim EOT to be awarded. While granting Extension of Time, the following may be kept in view.

- a) Is there a delay to a particular work front/activity?
- b) What/Who caused the delay? Is it eligible for consideration of extension of time?
- c) Does the cause reasonably justify an extension of time? To qualify for an extension of time, the delay must affect an operation critical to the Contractor's completion time. Decision should be taken as the work progresses, depending on developing events and circumstances, without waiting for substantial completion. If the events are such as fairly entitle the Contractor to an extension of time for completion of Works, or any Section or part thereof, the Engineer shall, after due consultation with the Employer and the Contractor, determine the amount of such extension and notify the Contractor accordingly, with a copy to the Employer.

Extension of Time (Final)

After the final stage of substantial completion is reached (final Taking-Over Certificate issued), EOT may be reviewed, if required. The Contractor puts in his final submission, with full details and particulars. The Engineer should examine it, form preliminary conclusions, hold consultations with Contractor and Employer and then submit an assessment report with recommendations, to the Employer.

Action by the Employer

The Employer shall examine the recommendations of the Engineer, call for such information from the Engineer and the EE of CMU as considered necessary, satisfy himself that the recommendation is not intended to extend the supervision services, and convey final decision promptly.

6.16.3 Concurrent Delays

Concurrent delays may occur when two or more events responsible for delay overlap each other. The delays may be attributable to the Employer or the Contractor or none, and fall in the categories of excusable, compensable, or inexcusable. The eligibility for extension of time should be determined by plotting on the critical path each concurrent

delay. Employer should see that the concurrent delays do not result in unnecessary extra extension of time.

6.16.4 Authority for approval of Extension of Time (EoT)

Proposals for grant of EoT shall be considered and approved as per powers delegated in respect of termination in Table 1 in Chapter 5.

The payment against actual work done and claimed in the monthly bills by the contractor and recommended for payment by the Engineer may continue to be made to the contractor, without recovery of any liquidated damages where a proposal has been received from the 'Engineer' for grant of EoT. CMU may finalize grant of EoT within a maximum period of two months on receipt of such proposal from the 'Engineer'.

CMU may also simultaneously finalize grant of EoT to the Supervision Consultant, in such cases, within said two months period. Payment, may, however, be continued to be made to the Supervision Consultant as per actual requirement of staff/deployment of staff. However, a review of the requirement of the personnel of the supervision consultant may also be carried out by the respective CMUs and submitted along with proposal for EoT.

6.17 Liquidated Damages (LD)

The rate of Liquidated Damages is stipulated in the Contract for each day of delay caused (1/2000 of Contract price per day delay), with a maximum amount not exceeding 10%. The Employer may, without prejudice to any other method of recovery, deduct the amount of such damages from any money due or to become due to the Contractor. The payment or deductions shall not release the Contractor from his obligation to complete the work or any other of his obligations and liabilities under the Contract.

There may be situations where completion is not achieved within the stipulated time because of delays attributable to the Employer. These may be denial of access to the whole or part of the site; failure to provide design and drawings at the stage when these were required by the Contractor; delay in giving timely instructions; refusal or denial to pay due and legitimate payments; holding up amounts on account of non-sanctioning of rates of extra/varied items; failure to abide by the contractual duties etc. In such situations the Contractor may not be liable for recovery of any liquidated damages.

6.18 Time at Large

Time becomes at large when the obligation to complete within the specified time for completion of a contract is lost. Before the expiry of originally stipulated date of completion, the Employer should extend the currency of the Agreement and set a new time limit for completion and make the extended time as essence of the contract, without prejudice to his right to recover damages as per the contract.

6.19 Payments and Certificates

The basis of all progress payments is a determination in the field of actual quantities of work that have been accomplished as stated by the Contractor in his request.

6.19.1 Interim Payment Certificates (IPC)

- a) At a prearranged date each month, the Contractor will submit a statement in such form as the Engineer from time to time prescribe, showing the amounts to which the Contractor considers himself entitled up to the end of the month.
- b) The Engineer's tasks in checking the progress payment submission will include the following:
 - i) Quantity of work actually completed as of agreed 'cut-off' date

- ii) Field measurements of quantities of work completed or claimed
- iii) Inventory of equipment and materials delivered to site but not yet used in the work (Materials on site)
- iv) Review of claims for extra work
- v) Check of retention amount and other recoveries
- vi) Review of variations -whether these have been approved by Employer. If not, Provisional rates to be used until final valuation sanctioned by Employer
- vii) Price Adjustments

The Engineer will not be bound to certify any payment if the net amount thereof, after all retentions and deductions, is less than the minimum amount of interim payment certificate, if any, specified in the Contract.

- c) Interim monthly payments will be based on Interim Payment Certificate processed by the Engineer following bills filed by the Contractor. The Supervision Consultant will ensure proper record of measurement/ check measurement as specified. The SC will also check EMP compliance and performance at this stage.
- d) The Engineer will send the Interim Payment Certificate to the Chief Engineer-cum-Project Director for approval and subsequent payment. Payments will be net of (i) retentions and recovery of advances at the rates prescribed in the Contract (ii) statutory deductions (works tax, income tax, others).

6.19.2 Final Payment Certificate

The Final Payment Certificate shall be issued as required under the Conditions of Contract. This shall be done when, on completion of the Defects Liability Period, the Contractor has submitted the following:

- a) Final statement of the value of work done by him and any further sums due to him; and
- b) Written Discharge confirming that the total of the Final Statement represents full and final settlement of all moneys due to him.
- c) Actions taken with regard to pending (if any) EMP Compliance

6.20 Variations

6.20.1 General

- a) Variation means: (i) increase or decrease in the quantity of any work included in the Contract; (ii) omission of any such work (but not if the omitted work is to be carried out by the Employer by another contractor); (iii) change in the character or quality or kind of any such work; (iv) change in the levels, lines, position and dimensions of any part of the Works; (v) additional work of any kind necessary for the completion of the Works; and (vi) change of the specified sequence or timing of construction of any part of the Works.
- b) The variation or additional work must be a necessary part within the scope of the original works. The variation may result in additional or reduced payments to the Contractor or there may be no price change at all.
- c) It is important to have a written procedure for the issuing of a variation instruction. Once it is decided that a variation is required, the instruction should be issued promptly to minimize any adverse effect on the overall works.

- d) Before a variation can be instructed to the Contractor, prior approval from the Employer is needed, except for certain situations as may be specified in Special Conditions of the Contract. (e) The rate/price/valuation does not have to be agreed with the Contractor, although this is preferable.
- e) Any change in 'Approval for Construction' drawings should be evaluated properly and its full financial implications worked out at that very stage for submission to the appropriate authority for approval.
- f) In case there are changes in ground levels from those shown in the approved drawings, they shall be agreed in writing, jointly by the Contractor, Engineer and EE-in-charge of CMU. Also, EE will send a report to the Head Office for considering whether any action lies against the design consultant for non-conformity of the levels as shown by him in the drawings and those actually obtaining.

6.20.2 Keeping Track of Variations

Variations Register shall be used to administer and keep track of the status of a variation. This shall cover the following important steps:

- a) Employer's prior approval of the issue of the variation instruction;
- b) Engineer's instruction to the contractor (this letter creates the variation). Particular details of a variation are not entered into the Variations Register until the day the instruction is issued. Prior to that it is only a 'proposed variation' and is tracked/administered in a separate register;
- c) The variation instruction letter must be given a unique variation number and details entered into the variation register;
- d) The register is updated at the end of each month and summarized on one sheet 'Variation Status', so that the three involved agencies are aware as to what work needing action is held up with each of them; and
- e) The financial implications are kept up to date.

6.20.3 Valuation of Variations

Variation instructions for modified, new or additional work involving extra cost shall be valued as per the procedure set out in the relevant Clause of the Contract. The following are the steps to be taken by the Engineer:

- a) to form an opinion as to applicability of the rates in BOQ;
- b) if considered applicable, to use BOQ rates;
- c) if not considered applicable, to use BOQ rates as the basis for valuation;
- d) in the event of disagreement, to consult with Employer and Contractor to try and agree suitable rates; this means developing new rates from first principles;
- e) if disagreement, to fix appropriate rate; and
- f) to determine provisional rates to allow monthly certification.

In making his recommendations, the Engineer should give the Contractor the opportunity to state his case and, if he considers the BOQ rate to be inappropriate, to present his proposals as to how the rate should be adjusted or what basis should be used to assess a new price. For his part, the Contractor must support his submission with full particulars including, where applicable, detailed cost breakdown of any rate in the Bill of Quantities.

The Employer must also be consulted with. The Employer should ensure that the above procedure has been duly followed and appropriately explained by the Engineer in his recommendations, before he approves the variation.

Where it is reasonable to value at the BOQ rate or some modification of it, any stance by the Contractor that the tendered price may be 'wrong' or deliberately set low is irrelevant.

Threshold level of the value/ quantity of a varied item below which a variation will not merit re-fixation of rate or price should be specified.

6.20.4 Procedure for approval of variations

The procedure/delegation of powers for approval of variations is as under: However, in respect of external funded projects this delegation of power shall be limited to the threshold indicated in Table 1 in Chapter 5.

6.20.4.1 Variations in individual BOQ items:

- a) Engineer: Up to 25% of the value of individual BOQ item or 1 % of Contract value, whichever is less,
- b) CE-cum-PD: Rs 30 lakhs for each item subject to a limit in aggregate of 3% of the Contract value for entire contract,
- c) MD: Rs 50 lakhs for each item subject to a limit in aggregate of 5% of the Contract value for entire contract, including approvals at lower levels.
- d) Any variation in individual BOQ item beyond above limits shall be approved by the "Variation Committee" comprising of MD, E-in-C (HPPWD), CE-cum-PD and GM of HPRIDC.

6.20.4.2. New items (Non-BOQ items)

Before issuing variation orders to execute new items of work (non BOQ items) "Engineer" shall obtain technical approval from HPRIDC. The powers for granting technical approval shall be exercised at Headquarters as under:

Sr.	Item	CE-cum-PD	MD	BOD
1	1 Limit for each item	Rs.30 lakh	Rs.50 lakh	Full powers subject to overall delegation given to the HPRIDC.
2	Limit in aggregate for entire contract	3% of contract value	5% of contract value including approvals at lower levels	Full powers subject to overall delegation given to the HPRIDC

6.20.4.3 Determination of rate for new items and for BOQ items beyond the limits prescribed in the contract:

- a) In respect of new items/BOQ items beyond the limits prescribed, the rates may be determined in accordance with the clause 52 of the general conditions of the contract (FIDIC) or Clause 38/39/40 of the general conditions of the contract (NCB) or equivalent, of the civil works contracts, as applicable for the specific contract.
- b) CE-cum- PD may examine the rate prescribed/determined by the 'Engineer' for its reasonableness and for its acceptance before putting up the proposal to the Competent Authority/Variation Committee for an in principal approval of the variation.
- c) In case it is considered that the rates fixed by the Engineer are on higher side, HPRIDC may separately exercise the option of contesting as per the relevant contract conditions (such as DRB/Arbitration, etc.)

6.20.5 Overall Variations under Contract:

Subject to provisions under Paras 6.20.4.1, 6.20.4.2, 6.20.4.3 above, the "Engineer" is authorized to issue cumulative variations up to a limit of 10% of the original contract value (less negative variations/savings). The overall limit shall apply collectively on all BOQ items as well as non BOQ items and shall include all the variations issued till that point of time including those approved otherwise than by the Engineer. The overall limit shall be exclusive of escalation.

However, where the limits prescribed at Paras 6.20.4.1 and 6.20.4.2 above restrict the powers of the "Engineer" that have already been defined in the respective civil works contracts, the "Engineer" may issue variation orders up to the limits prescribed in such civil works contracts.

Variations beyond above limits: Any variation beyond above limits (individual items and overall variations) shall be approved by the "Variation Committee" comprising of MD, E-in-C (HPPWD), CE-cum-PD and GM of Finance Wing of HPRIDC.

All variations approved for each contract shall be intimated by the EE of CMU to the CE-cum-PD at Headquarters in the prescribed format on a quarterly basis. CE-cum-PD shall compile the details and submit for the information of MD, HPRIDC.

- a) Revised Cost Estimates should be prepared and submitted to HQs at appropriate time as per the guidelines of MOSRTH for obtaining the sanction of the Competent Authority.
- b) Monthly information on variations should be reported to the GM(Finance)
- c) Division and CE-cum-PD at HQ.
- d) No variation shall be approved unless recommended by the Engineer. The Engineer should explain the Financial Implications along with detailed reasons and justification. The Engineer should furnish the following information and details along with the proposal.

(c.1) Vouchers and proper quotations in support of the market rates.

(c.2) Analysis of rates should be self-explanatory and supported by proper drawings.

(c.3) Recommendations given should be self-explanatory and nomenclature of the items should also be properly worded.

(c.4) Copy of analysis of rate given by the contractor.

The above clauses may be incorporated in the contracts at appropriate places.

Care may also be taken by all divisions to ensure that provisions contained in the contract agreements with the Supervision Consultant and the civil work contractor are in consonance. Further, suitable modification of sub-clause 2.1 defining "Engineer's Duties and Authority" may invariably be included in the conditions of Particular Application (Special Conditions of Contract).

6.21 Site Order Book and Inspection

At each site of work, a proper 'Site Order Book' shall be maintained by supervision consultant. The inspecting authorities shall record their observation of site inspection in the site order book duly dated and initialled.

Inspection notes for the inspection of the work carried out by EE of CMU or any officers from HQ shall formally be issued indicating the quality aspect and variation ordered at site after obtaining approval of the competent authority wherever required as per the procedure mentioned below. The Supervision Consultants may get the oral order of the inspecting authority confirmed subsequently.

Frequent inspection of works by the HPRIDC officers from Headquarters is essential for effective monitoring of the projects. The following guidelines are prescribed in this regard.

- a) MD may inspect the projects under their jurisdiction at least once in a quarter.
- b) Either the CE-cum-PD or EE concerned may inspect the projects under their jurisdiction at least once in a month
- c) Inspection report/ Tour observations should invariably be issued within seven days of the completion of the Inspection. For inspection by CE-cum-PD/EE, the tour report may be got approved from MD. The inspecting officer shall, along with the inspection of works, also inspect the functioning of the Supervision Consultant.

Quarterly Review Meetings of the works may also be carried out, either at project site or Headquarters by the CE-cum-PD with EEs, representatives of the Contractors and representatives of the Supervision Consultants. Minutes of the review meetings shall be issued with the approval of the MD.

6.22 Daywork

The Engineer has the option of ordering any variation of minor nature to be paid for at Daywork rates. When the work is executed at Daywork rates, the Engineer is effectively hiring the Contractor's plant, labour and material. The cost of any inefficiency, wasted time or lack of full effort is now borne by the Employer. The Engineer should take a close interest in the operational control of all Daywork activities to avoid uneconomic working or inefficient use of resources.

6.23 Substantial Completion, Taking-Over Certificates, Defects Liability Period

6.23.1 Substantial Completion

It means that stage in the execution of the work under the contract when the Contract Works are complete except for minor outstanding items and minor defects: (a) which in the opinion of Engineer the Contractor has reasonable grounds for not promptly correcting; (b) which do not prevent the Contract Work being used for their intended purpose, and (c) rectification of which will not prejudice the convenient use of the Contract Works.

Substantial Completion is generally taken to refer to a sufficient degree of completion to enable the Employer to take beneficial use of the works concerned. 'Substantial completion' must be kept distinct from completion of 'the Works' or of 'the Contract'. The same principle should be used to define substantial compliance of 'EMP provisions'

The phrase 'substantially complete' needs to be interpreted judiciously. Minor outstanding items, surface finishes for instance, or the removal of certain types of temporary works may not generally prevent the issue of the Taking-Over Certificate, nor should small defects, for the contract covers their completion or correction. The material consideration is whether or not the incomplete work impairs the safe and effective use of the Works, including the consequences to the Employer, and perhaps the public if they are to have access, of accepting the works in that state.

Engineer's decision in the matter of deciding substantial completion shall be final.

6.23.2 Taking-Over Certificate (TOC)

The Engineer is empowered to issue a 'Taking-Over Certificate'. The Contractor shall notify the Engineer when he believes the work to be complete and the Engineer will

either agree and so certify, or specify the works necessary to be completed before substantial completion. In the latter case, the Contractor receives his certificate within the specified period of completing the listed work.

Taking-Over Certificate may be issued in respect of specified sections or part of the Works, which are either complete or are incomplete but have been taken over by the Employer.

6.23.3 Hand-over to Employer

On issue of the Taking-Over Certificate, the Employer is responsible for the road section and for maintaining it, unless it is the Contractor's responsibility to maintain it.

6.23.4 Outstanding Work

On issue of Taking-Over Certificate, the Engineer will send a complete and accurate list of any outstanding work (including compliance with regard to EMP provisions). The EE of CMU should also satisfy himself in this regard.

6.23.5 Defects Liability Period (DLP)

This period is named in the Contract. It starts from the date of substantial completion stated in the TOC. If there are more than one TOC, then there are different Defect Liability Periods for the different sections/parts taken over.

6.23.6 Completion of Contract

The Contract is not to be treated complete until a Defects Liability Certificate has been issued. There will be only one Defects Liability Certificate. It will be issued when the Contractor has completed all his obligations under the Contract, viz.

- a) completion of all the physical works absolutely, down to the last minor item, including site clearance;
- b) remedying of all the defects for which the Contractor is responsible; and
- c) fulfillment of all other obligations, such as submission of approved 'as built' drawings, manuals, warranties, etc. as may have been specified.

6.24 Claims

6.24.1 Various reasons for claims

Claims may arise for various reasons, such as:

- a) construction drawings may include more or less details or perhaps increased or decreased quantities of work than could be anticipated from the tender drawings, or may cause a different construction method to be used;
- b) ambiguities or discrepancies in the contract documents which cannot be mutually agreed by referring to conditions of contract 'Priority of Contract Documents';
- c) differences over the valuation of variations;
- d) unforeseen conditions, such as adverse physical obstructions or unexpected conditions encountered during construction, which could not have been reasonably foreseen by an experienced Contractor when tendering;
- e) effect of war, rebellion, actions of third parties and the effects of weather;
- f) delays in giving possession of site, issuing 'approved for construction' drawings, and Employer supplied materials or services;
- g) unwarranted work rejection, necessitating removal and re-execution;

- h) acceleration claims, when events would have fairly entitled a Contractor to an extension of time, but no extension has been granted, the Contractor may claim extra costs because he has to accelerate to meet the original contract time requirements;
- i) disruption claims, when the contractor would allege that because of the combination of numerous variations and directions, general disruption has taken place, which in effect makes the tendered BOQ rates null and void;
- j) carrying out additional tests not envisaged in the contract, which either impose higher standards or which are found to finally show the materials, plant or work to be in accordance with the provisions of the contract; and
- k) bonus claim, if any.

6.24.2 Procedure for Claims

The Contract sets out a disciplined manner of dealing with claims. Claims procedure prescribes time for the notification and substantiation of claims and requires contemporary records to be kept. If such records are not kept, the Contractor may be limited in his entitlement.

In the first place, the Contractor is required to give notice to the Engineer within specified days of occurrence of the event, giving rise to the claim. This is a practical requirement. The event having taken place, the Contractor is required to maintain contemporary records. At this stage the Contractor can call upon the Engineer to inspect such records and state if he (the Engineer) requires other records to be kept. In this manner the Contractor can satisfy himself that the records he is keeping will be suitable for the Engineer to evaluate the claim in due course.

If the circumstances giving rise to the claim are not continuing, the Contractor has the obligation, and also the benefit, of submitting his claim to the Engineer for agreement or discussion while the event is still sufficiently recent for site personnel to have the facts at their fingertips and the records readily available. If the circumstances are continuing the Engineer will inspect the records at reasonable intervals and raise any points with which he disagrees or on which he wishes to have further information when he inspects the records.

The Engineer will furnish all the data and his recommendations to the EE who will forward the case to Head Office for decision.

6.24.3 Claims Register

A register will be kept to keep track of claims. Entries are to be made once the Contractor notifies the claim. The register needs to be kept up to date as to the progress of each claim, status, action required, etc. Review and updating should be once a month by the Engineer and the EE.

6.25 Records

Proper records shall be kept in an easily retrievable form for any future reference. They may be needed for resolving/ defending claims. They are also important as, very often, new people may have to analyse and make recommendations on the claims, and defend in arbitration proceedings. The list of records to be maintained will depend on the type and nature of work, amount of delegation and channels of communication. However, the records that are regarded fundamental are enumerated below.

6.25.1 Site Supervision Records

These may include *inter alia*, the following:

- a) All correspondence between the Engineer and the Contractor including site instructions, approval forms etc.;
- b) All correspondence between the Supervision Consultant, the Employer and 'third parties';
- c) The minutes or notes of every formal meeting;
- d) Measurement records, such as dimension books, timesheets, delivery notes etc.);
- e) Day work records as submitted and as corrected;
- f) Contractor interim statements, as submitted with copies of all supporting particulars, as corrected Contractor's statements and interim certificate;
- g) Level and survey book, covering checks on setting out and completed work;
- h) Laboratory results and any other testing data;
- i) Progress Photographs;
- j) 'Approved for Construction', Revised, 'As-Built' Drawings;
- k) Administrative records such as leave and sickness returns, accident reports etc.;
- l) Personal site diaries;
- m) EMP compliance - inspection registers/diaries and
- n) Record of site approvals.

6.25.2 Daily Diaries

One of the most important records kept on site is the 'Daily Diary'. The purpose is to have information for use in the determination of claims, disputes and arbitration, should the need arise. Daily diaries will include: weather records, progress of work activity-wise, work or material rejected with reasons machinery deployed, log books of machinery, man power employed category-wise, payment record, official visits and inspections, unusual conditions, problems encountered, materials or equipment delivered to site, length and cause of any delay etc.

6.25.3 Personal Diaries

A daily personal diary concerning work activities/happenings should be issued to and maintained by each member of the Supervision Consultant's field staff. This book is an important and basic document and should be neatly and accurately recorded. Entries should be made every day, whether or not work was performed. Such diaries need to be checked, collected and stored.

6.25.4 Field Office Records

All field office records should be kept up to date and should be maintained for ready reference at the job site during construction phase of the project. Upon completion of the work, the records should be turned over to the Supervision Consultant's Main Office, who will retain some and forward other to the Employer for retention. The field office records should include: Correspondence, Drawings, Reports, Samples, Operating tests, Material tests, etc.

6.25.5 Miscellaneous Reports

There are numerous types of individual records that are important to log and retain for future reference. Many of the records that must be maintained are primarily of a technical nature. No detailed coverage is possible. However, as a reminder, the following will serve as a partial list of some of the many technical records that must be maintained on a job, as applicable.

- a) Manufacturer's certificates for a product;
- b) Laboratory test certificates;
- c) Temporary Works approval;
- d) Concrete transit-mix delivery tickets;
- e) Records of pile driving;
- f) Record of inspection of structural welding;
- g) Fabricating plant inspection reports;
- h) Concrete batch plant daily reports;
- i) Concrete mix designs;
- j) Concrete placing reports;
- k) Concrete placement checkout sheet;
- l) Grouting reports;
- m) Embankment placing reports etc.;
- n) Field investigating reports; and
- o) Defects/non-conformance reports

6.25.6 Project Photographs and Videos

Photography and Videos will be used as evidence of site conditions before starting work, to document construction progress, technical detail, record of important events, types of materials, methods of installation, any damages such as because of flood, and similar tasks. They will also be useful aids for presentation.

6.25.7 'As-Built' Drawings

On completion of the Works or Section thereof, the Contractor has to furnish to the Employer 'As-Built' drawings at his own cost. Contract may have a provision that in the event of Contractor's failure to furnish the 'As-Built' drawings by the specified date, Taking-Over Certificate shall not be issued by the Engineer. The other provision could be that the amount specified in the Contract shall be withheld from payments due to the Contractor. Action will be taken by the Engineer in accordance with the actual provision. 'As-Built' drawings shall be in the form of hard bound copy and soft copy.

6.25.8 Registers

The use of registers to summarise track of records is a necessity. One can invent/add registers as required.

6.25.9 Meetings

The Engineer will organize regular site meetings with the Contractor to review progress and Contractor's work methods, take stock of problems, discuss variations and claims, and to decide who is to take the next action and when. Similarly, the Employer may hold formal contract (project) review meetings. The Engineer should attend all such meetings, fully prepared to take notes of the business transacted at each meeting. Minutes of any officially called meetings should be accurately recorded, distributed and agreed with all parties concerned as being a true record.

6.26 Termination of the Contract

The Contract empowers the Employer to terminate employment of the Contractor and lists the consequent steps required to be taken. The power arises if the Contractor: (i) has become insolvent, or (ii) has seriously or repeatedly breached the contract, or (iii) has failed to obey instructions in relation to his progress or defective work, material or

plant, or (iv) is in breach of the prohibition against subcontracting, or (v) has committed fraud. The defaults of the Contractor also include:

- a) failure to supply sufficient and suitable constructional plant, temporary works, labour; material as proposed in the work programme;
- b) substantial suspension of work for more than the specified days without authority from the Engineer and failure to proceed with the work within the specified days of receipt of notice from the Engineer; and
- c) failure to comply with the requirements regarding joint ventures.

In the event that insolvency occurs in one of the listed firms or if the Engineer certifies one of the heads of default, the Employer can give two weeks' notice before terminating the contract and taking over the site. The Employer is then free to complete the works himself or with another contractor and use the Contractor's materials, equipment, temporary works as he/they think proper.

If termination is because of a fundamental breach on the part of the Contractor, the Engineer shall issue a certificate for the value of work done, deducting there from the amounts in respect of: (i) advance payments; (ii) any recoveries; (iii) taxes as due, and (iv) percentage to apply to the work not completed as indicated in the Contract Data. If the total amount due to the Employer exceeds that due to the Contractor, the difference will be a debt payable to the Employer.

If termination is because of Employer's convenience or fundamental breach on his Part. The Engineer will certify the value of works executed, the value of any materials lying at site, reasonable cost of removal of equipment, repatriation of project staff, cost of protecting and securing the works and deduct there from: (i) pending advances; (ii) other recoveries, and (iii) taxes as due.

6.27 Financial Control

Besides administering the Contract as regard to its quality and completion, the Engineer will regularly assess the financial position and exercise financial control. He will update on quarterly basis cash flow projections, and the cost estimates yearly/quarterly milestones, and submits them to the Employer. Variations should be with a view to achieving economical completion of the Work, and not to result in avoidable higher rates or costs.

In case of a significant number of variation orders or unexpectedly rapid cost escalation, update may be done more frequently. The financial statements should bring out comparisons of the initial estimated/ tendered cost with the actual - component wise and activity wise -both in respect of quantities and value. Employer should examine these statements critically. If excess is likely to happen, it should be anticipated, and a revised estimate of cost prepared, with full explanations, for approval by the competent authority.

6.28 Bonus

Bonus may be provided if urgency is attached to the project. It should be, if the Contractor completes the Whole of the Works prior to the Intended Completion Date, a sum stated in Contract Data as bonus for every completed month which shall elapse between the date of completion of the Works and the said date. No allowance with regard to the original date will be made for any variations ordered or extension of time granted. Any period short of completed month will be ignored. Maximum limit of bonus will be as specified in the Contract Data.

Following clause will be included in the Bidding Document for the civil work contracts:

"if the contractor achieves completion of the whole of the works prior to the specified period of completion from the date of commencement, the Employer shall pay to the

contractor a sum of One percent of the initial contract price as bonus for every completed month (part of month to be excluded) which shall elapse between the date of completion of all items of works as stipulated in the contract including variations ordered by the Engineer and the specified period of completion limited to Six per cent of initial contract price. In case of time extension for any reason, bonus for early completion considering the extended time shall NOT be payable."

6.29 Performance Appraisal of Contractors

Performance evaluation shall be carried out for contractors. Any firm or individual not achieving 70/80% satisfactory rating in their performance should not be allowed to bid in future activities of similar nature unless the improvement in performance for small activities. The operations manual may contain a scoring format for the performance evaluation.

A confidential report of the Contractor regarding his performance will be prepared by the Engineer. The report should, *inter alia*, bring out:

- a) Ability to understand and willingness to carry out instructions;
- b) Implementation of quality assurance plan;
- c) Compliance with contractual provisions, labour laws, environment, health and safety rules;
- d) Deployment of the required equipment, key personnel and finances;
- e) Any complaint regarding unauthorized subletting, subcontracting, performance of JV;
- f) Satisfactory rate of progress and completion, except for reasons or delays not attributable to him;
- g) Imposition of any penalty, liquidated damages, suspension, termination, or expulsion/removal of staff; and
- h) Overall assessment.

The report will be signed by the EE of CMU and submitted to the HQ with his remarks.

6.30 Consultancy Services

6.30.1 Requirement of Consultancy Services

In order to prepare and implement the projects, and do forward planning, HPRIDC needs high-quality services of consultants to blend economy with efficiency. The Consultancy service shall be procured in accordance with the World Bank's "Selection and Employment of Consultants by Bank Borrowers", 2004.

6.31 Performance Appraisal of Consultants

Performance evaluation shall be carried out for consultants also. The procedure described in Para 6.29 above shall be followed for consultants also.

CHAPTER 7 – UTILITY SHIFTING

7. UTILITIES

The sites of all up-grading works of Road Projects shall be handed over free of all encumbrances to the Contractors as per the Milestones to be indicated in the Conditions of Particular Application/Contract data. At least 10 km of each package of up-grading works under ICB should be free from all encumbrances upfront before award of works to the contractors. This identified upgrading section to have mandatory HPRIDC clearance. The HPRIDC shall upfront identify utilities like electrical poles, transformers, hand pumps, water supply pipes, telecommunication cables etc. in the Right of Way (ROW) and Corridor of Impact (CoI). The Construction Management Units of HPRIDC/HPPWD Divisions shall undertake with the concerned departments /organisations of the utilities their joint verification to identify utilities which are to be shifted.

The HPRIDC may enter in to a Memoranda of Understanding (MOUs) with the HP State Electricity Board (HPSEB), Irrigation and Public Health (I&PH) Department and other Utility Service Companies, as deemed fit, to undertake shifting of their utilities from ROW/CoI in a timely manner. Wherever, it is required, the HPRIDC shall deposit funds with the relevant agencies /departments for their staff/contractors to undertake shifting. The HPRIDC shall prepare the final utility shifting plans/budgets for all up-grading roads. Taking into consideration, the contractual difficulties that may arise due to non-handing of reasonable length of encumbrance free site to the contractor, some quantity of utility shifting as assessed, shall be made a part of the BOQ.

All works of laying/upgrading utility to have mandatory HPRIDC clearance on all the up-grading roads. Utility works on/along roads should be allowed by CMUs only as per HPRIDC/Government policy, provided further that they conform to the prescribed guidelines, design and specifications. In this regard, Indian Roads Congress publication IRC: 98 'Guidelines on Accommodation of Underground Utility Service Along and Across Road in Urban Areas', should be followed as applicable. However these guidelines need to be modified to deal with problems encountered in rural sections of major roads. Applications for permission should be entertained only if the utility agency:

- a) submits drawings/plans of the concerned utility;
- b) gives a work programme and the duration of occupation of the right-of-way
- c) gives traffic safety and management plan and an undertaking to implement it on approval;
- d) deposits works security and restoration fee and
- e) deposits/or agrees to deposit fee for use of right-of -way.

While according approvals, future development plans of the highway should be considered. The user may also be called upon to enter into lease agreement with Government/HPRIDC with the standard clause that no cost for removal or modification will be paid.

CHAPTER 8 – ENVIRONMENTAL MANAGEMENT

8. ENVIRONMENTAL MANAGEMENT

Roads can be responsible for both benefits and damage to the existing natural, physical and social environment. A sustainable approach to road transport development calls for integration of environmental aspects during project scoping, planning, preparation, implementation and operation of road projects. This section of the manual presents the approach and process that will be adopted in all projects that will be undertaken by HPRIDC including the external aided Road Projects.

8.1 EM Approach and Process

The Environment Screening, Environment Assessment (EAs), Biodiversity Impact Assessment and Management Plan, Bio-engineering Reports and EMPs (corridor specific EMPs for upgrading works and Generic EMPs for Periodic Maintenance Works) shall be prepared and used for the all road Projects (includes bridge and tunnel projects) including WB-financed State Roads Project. The lessons learnt and experience from the State Roads Project would be used to strengthen good practices for future HPRIDC projects.

8.2 Environmental Management EM Tools and their Integration into the Project Cycle

8.2.1 ENVIRONMENTAL MANAGEMENT TOOLS

The basic environmental management tools that will be used by HPRIDC during various project cycle stages will include (but will not be limited to) the following –

A. Environmental Screening: Environmental Screening exercises/studies will be used to determine the key or major environmental, health and safety issues/concerns likely to arise due to a proposed infrastructure development project. It will also identify regulatory clearance requirements and tentative cost implications for environmental mitigation and management.

B. Environmental Impact Assessment: Environmental Impact Assessment (EIA) will be used to determine the potential environmental, social and health and safety effects of a proposed infrastructure development project. Depending on the nature, scope and significance of the project or proposal the assessment should include consideration of ecological, economic, cultural, aesthetic, health, safety and amenity impacts. EIA should ensure that the potential problems are foreseen and addressed at an early stage in the project planning and design.

C. Biodiversity Studies: The biodiversity impact assessment studies will be undertaken for Projects traversing or within 10 kms of designated protected areas (such as National Parks and Sanctuaries) or as identified as 'sensitive' from the biodiversity perspective in the Environment Screening process. These reports shall be shared with the concerned departments for information and seeking assistance (if required) in implementing the management plan.

D Environmental Management Plan: EMPs will provide an essential link between the impacts predicted and the integration of mitigation measures into the contract documents. It will also cover management measures required during the pre-construction and operation stages of the project. Broadly, the EMP as a tool will provide details on (a) the measures to be taken during the implementation and operation of a project to eliminate or offset adverse environmental impacts, or to reduce them to acceptable levels; and (b) the actions needed to implement these measures. Typically, an EMP should include the following items:

Identification and summary of all anticipated adverse and positive environmental impacts

Description of each management or mitigation measure, including the type of impact to which it relates and the conditions under which it is required, together with designs, description, specifications, BoQs as appropriate

Institutional arrangements (responsibilities for mitigation and monitoring) and Implementation Mechanism

Implementation schedule for measures that must be carried out as part of the project, showing links with over all project implementation plan

Reporting procedures designed to ensure early detection of conditions that necessitate corrective actions

Supervision, Monitoring and Evaluation Plan to assess progress and performance and

Cost estimates for implementing the EMP.

The contents of such plans will depend upon the nature, extent and locational context of the project.

E Bio-engineering Interventions for Slope Stabilization: The specifications, manuals and codes prepared for bio-engineering under the WB-financed State Roads Project shall be used by HPRIDC for all projects. Such interventions or practices shall not be limited to specific projects but shall be extended to improve slope stabilization along the core network as regular maintenance practices. HPRIDC shall take required assistance from the Horticulture Wing of the HPPWD to design, implement and maintain such sites. The Horticulture Wing (HPPWD) shall be provided intensive technical training under the WB project so that the intended objectives can be successfully achieved.

8.3 Integration of EM Tools into the Project Cycle

The HPRIDC will ensure the integration of various environmental management aspects into the project cycle by adopting the under-mentioned process –

1. Environmental Screening or Initial Environmental Examination (IEE): The screening process including public consultation will identify major issues (if any); regulatory requirements; strategy required to address adverse impacts and; broad financial requirement for the required environmental management and mitigation. These findings together with the feasibility and social screening findings shall be used for the final decision-making process using a pre-determined weightage criteria (project selection).
2. Environmental Impact Assessment (EIA): Findings from the EA (including related studies) and public consultation will identify the project-specific environmental issues; regulatory requirements; and project-specific avoidance, minimization management and mitigation requirements. These findings shall be appropriately incorporated into the decision-making for alignment finalization and engineering design.
3. Environmental Management Plan (EMP): The EMP shall provide for the required management/mitigation plan to avoid and/or minimize the adverse impacts on environment in relation to the final project design. It will also include other elements as described in Section 8.2.
4. Bidding/Contract Documents: The relevant sections of the EMP (those that have to be implemented by the Contractor) including management plan, drawings and BoQs shall be included in the Bid Documents. Monitoring plan described in the EMP shall be used for supervising and monitoring the implementation of EMP provisions by the Contractor. This information shall be used to take the necessary corrective action.

5. Operation and Maintenance: HPRIDC shall ensure implementation of environmental measures for the operation stage including maintenance as defined in the management plan for the project.

6. Road Management System: Some key environmental management data and provisions will be built into the Road Management System, to be developed by HPRIDC with the help of Consultants.

7. Environment Management System (EMS) (ISO 14001): The HPRIDC will undertake the required studies for accreditation for ISO 14001, which covers the headquarters and its Construction Management Units.

The Environmental Management Cell in HPRIDC will closely review this process and ensure effective integration of environmental management aspects into various stages of a project cycle.

8.4 Regulatory Clearances

Environmental Clearance: The Environmental Clearance under the Environment (Protection) Act 1986, Environment Protection Rules 1986, and Environmental Impact Assessment (EIA) Notification, September, 14, 2006 (with subsequent amendments, if any) shall be obtained as applicable in the project context. In case environmental clearance is not required for a particular project, 'consent to establish the project' shall be taken under the Water (Prevention and Control of Pollution) Act, 1970 and Air (Prevention and Control of Pollution) Act, 1981. For this, an application in the format prescribed by the Environment Protection and Pollution Control Board (EP&PCB) shall be submitted by HPRIDC. The HPRIDC shall keep the EP&PCB well informed about the project activities right from the project planning stage.

Forest Clearance: The Forest Clearance under the Forest Conservation Act, 1980 (with amendments made in 1988) and Forest (Conservation) Rules 2003 shall be obtained where diversion of forestland is required for civil works. As per the guidelines issued by the MoEF, forest clearance for a project shall be considered in entirety i.e. one single proposal is required for a DPR package. However, for the sake of convenience and verification by the district level forest officials, the proposal may be prepared with separate volumes depending on the number of forest divisions involved.

Clearance for projects in Wildlife Areas: All attempts shall be made to avoid projects traversing through designated protected areas. However, if a up-grading works involves diversion of forest land from a notified wildlife area (National Park or Wildlife Sanctuary), permission of Hon'ble Supreme Court of India shall be obtained for both undertaking survey and investigation and for actual diversion of forest land. In such a case, the DPR consultants shall prepare a separate application to be submitted by the HPRIDC to the National Board of Wildlife. The application for survey and investigation should be accompanied with the detailed information in the format prescribed by the MoEF. After the approval of the Standing Committee of the National Board of Wildlife, the HPRIDC shall file an application to the Hon'ble Supreme Court of India for seeking permission to divert the forest land for the project. The subsequent steps shall be the same as described above under the Forest Clearance sub-head.

Other Regulatory Requirements: The HPRIDC will ensure that the Contractors engaged on their works obtain the necessary consents, permissions and clearances with regard to environmental, social, labour and safety aspects from the concerned agencies as stipulated under the National and State level Laws and Policies and Procedures.

Co-ordination with Forest Department: The HPRIDC shall sign a Memorandum of Understanding (MOU) with the Forest Department that defines the roles, responsibilities and timeframe for cutting trees, planting trees and undertaking bio-engineering tasks. The MOU shall give the right to the HPRIDC include 25 % of the identified quantity under

Bill of Quantities (BOQ) items in bids to use its own contractors to remove trees and tree stumps, subject to joint control mechanisms to be agreed, in the event that the Forest Department is unable to cut trees in a timely manner. The MOU may also provide the RIDC with the right to use contractors to perform obligatory afforestation and/or bio-engineering tasks in the event that the Forest Department is unable to undertake such work in a timely manner.

8.5 Institutional Arrangements

The institutional arrangements for Environmental Management (also refer Chapter 2 on Staffing) will be as follows:

Nodal or Headquarters Level: An Environment Management Cell shall be created within HPRIDC to handle all matters pertaining to environmental management in a project. The functions of the Cell will include activities related to project planning and preparation, supervision, monitoring, evaluation, reporting and documentation, training and co-ordination with concerned agencies. The Cell will be staffed by -

Nodal Forest Officer: (Conservator of Forest rank) will deal with matters pertaining to regulatory clearances, plantation works including compensatory afforestation, biodiversity management (in relation to road projects), co-ordination with concerned Dept./Agencies etc.'

Nodal Environment Officer: (not below Assistant Engineer level) will deal with matters pertaining to integration of EA/EMPs into project design, construction management during project implementation, reporting and documentation etc.

Junior Environment Officer (NEO): (Junior Engineer level) will deal with matters pertaining to supervision and monitoring of environmental aspects related to construction management during project implementation and assist the NEO in reporting, documentation and data management etc.

Nodal Bio-engineering Officer: (not below Assistant Engineer level) will deal with matters pertaining to use of design, implementation and supervision of bioengineering techniques for slope stabilization, nursery establishment and management and related activities.

Construction Management Unit Level: The supervision consulting team and the contractors will include environment officers for upgrading works. An Assistant Engineer level officer shall be designated as the 'Environmental Officer', whose main responsibilities would include regular supervision and monitoring of environmental aspects related to pre-construction, construction and operation stages of a project. He shall also be responsible for data management at the CMU level.

Field Level: At the field level, the Supervision Consultant for upgrading works shall have adequate number of Environment Engineers in the team. The Contractor staffing arrangements too will include a similar position. For the Periodic Maintenance Component, a Safeguard Specialist shall be a part of the Technical Examiner's team.

8.6 Public Consultation and Disclosure of Documents

People's continuous consultation and participation shall be ensured throughout the project cycle. The systematic approach and meaningful process adopted in the external aided road project shall be used in other projects as well. The HPRIDC will ensure that such exercises are an integral part of environment management process. Environmental Screening reports, EAs (including any specific studies), EMPs and Bioengineering Reports shall be shared with concerned agencies or departments by HPRIDC. These shall be made available at the website of HPRIDC. <http://www.himachal.nic.in/hpridc> for public reference. HPRIDC's annual report shall include a section on EM practices adopted by the

organization and key achievements in the year in question. This report shall also be disclosed on the HPRIDC website.

8.7 Training and Capacity Building

The Annual Training Plan (as mentioned in Chapter 2) will cover modules pertaining to environmental management to create awareness and develop skills of the EMC staff to better plan, manage and supervise environment management activities. Modules would also be developed for imparting training to Contractors associated with HPRIDC's projects. The content and depth of a module would be based on the target audience, their previous exposure on the subject, activity schedule, feedback received from past capacity building programmes etc.

8.8 Monitoring and Evaluation

The EMC of HPRIDC shall undertake regular monitoring and periodic evaluation exercises to assess the effectiveness of planning and practices with regard to environmental management. Some performance indicators are indicated below (but the exercise shall not be limited to only these) –

No. of trees Cut, no. of trees planted vis-à-vis Survival Rate

Area of Forestland Diverted and trees cut vis-à-vis area Compensatory Afforestation (area, no. of trees planted and survival rate)

Area treated with bioengineering interventions (in ha)

Biodiversity protection measures (no., location and type)

Quantity of debris/spoils disposed (including location and quantity break-up)

No. of cross drainage works per km

No. of enhancement sites developed

No. of community properties relocation (including the functional condition after relocation)

No. of training sessions and no. of persons trained

CHAPTER 9 – IMPLEMENTATION

9. PROCUREMENT PLAN

The HPRIDC shall prepare a procurement plan each year , that (i) outlines the methods and procedures to be used for all procurement of works goods and services and (ii) lists the proposed works, goods and service packages for the following twelve to eighteen months. All procurement for works, goods and services shall be conducted in accordance with the plan.

9.1 HPRIDC Level Arrangements

The Board of the Himachal Pradesh Roads & Other Infrastructure Development Corporation (HPRIDC) will be responsible for implementing the project. The Board is chaired by the most senior official of the GOHP, the Chief Secretary, and comprises of six other Secretaries to Government in relevant departments, including Finance, plus the Engineer-in-Chief from the Himachal Pradesh Public Works Department (HPPWD). The Board has all powers necessary to perform this function except for the right to include/exclude a road/major structure for upgrading, for which Cabinet approval is required. The Board has delegated most powers to the Managing Director, who is also the Principal Secretary of the Public Works. He in turn has delegated powers for decisions on most day-to-day operational management issues to a full time Chief Engineer-cum-Project Director (CE-cum-PD), appointed at the level of Chief Engineer, who is deputed to the HPRIDC on a full time basis.

The Board of Directors (BOD) of HPRIDC headed by the Chief Secretary shall have the following functions related to any Roads Project:

- clear project proposals, ensuring that they have been formulated in accordance with all relevant related guidelines; and
- effectively monitor and coordinate the program and oversee the timely and proper execution of state road works.

The Chief Engineer-cum-Project Director with adequate staff and resources to carry out the following tasks effectively:

- Scrutiny of Detailed Project Reports for road works prepared by the Design Consultants or CMUs /HPPWD Field Units, including those DPRs for which external funding is sought; and
- Provision of technical support to implementing units. The scrutiny of project reports shall be thorough and detailed and thereby ensure that design is appropriate and economical, that the specifications are adequate and based on site conditions, that the estimation of quantities is accurate and reasonable, and that sufficient care has been taken to provide for cross drainage works. In addition, it shall ensure that the provisions of the Environmental Management Plan and Re-settlement & Re-habilitation Policy (R&R) have been properly applied by the CMU and HPPWD Field Units.

HPRIDC shall establish and shall maintain with adequate number of qualified technical staff at the PIU Head Quarter and Construction Management Units levels besides an adequate number of financial and safeguard management.

The up-grading works for both external aided or domestic funded shall be implemented by HPRIDC through its Construction Management Units. All CMUs shall be properly manned by competent technical and financial management personnel. The executing agency for maintenance works of core State Roads network shall be the Divisions of the Himachal Pradesh Public Works Department (will act as

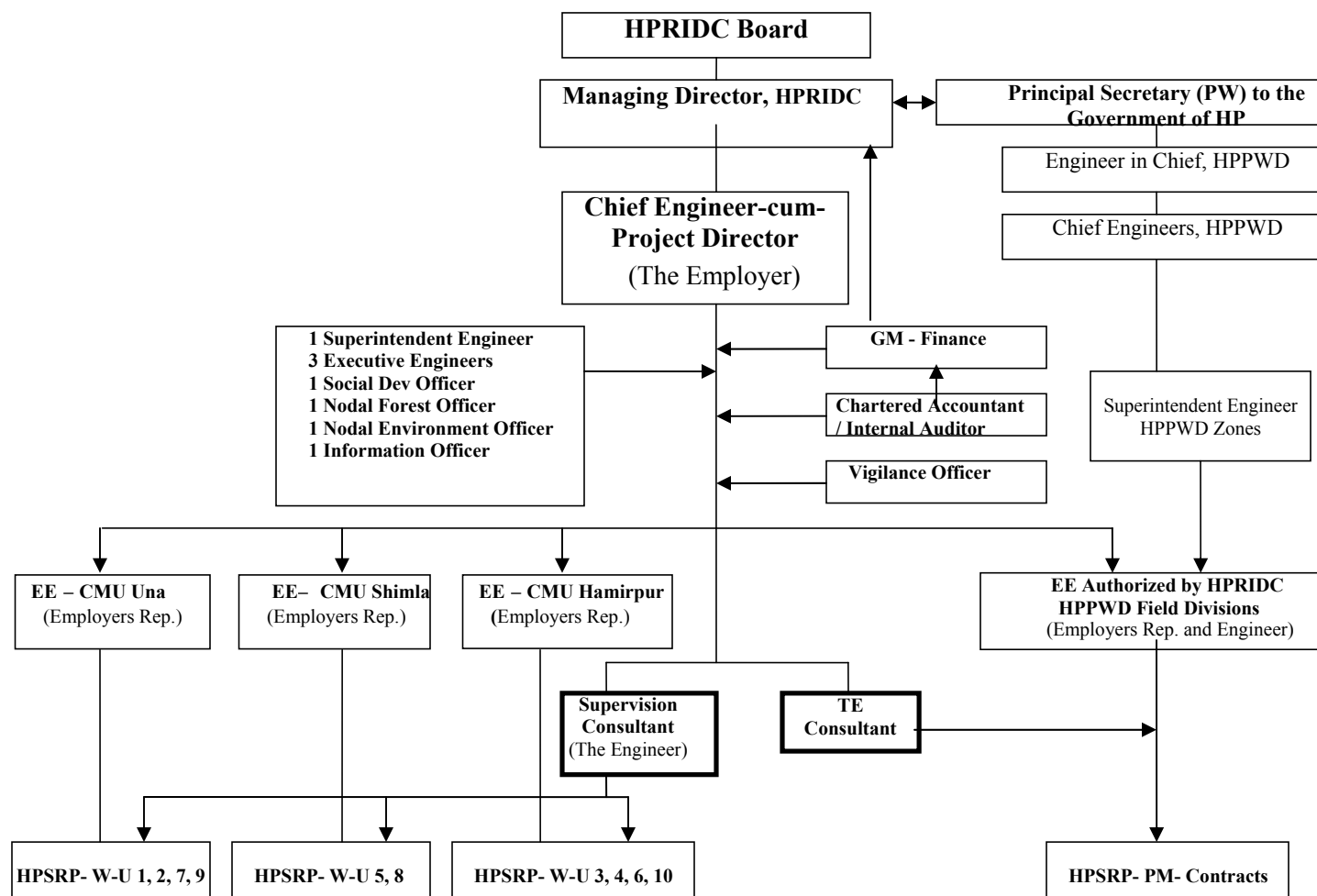
HPPWD Field Units). The Executive Engineer of HPPWD shall be designated as officers of the HPRIDC so as to enable them to access funds for periodic maintenance works from HPRIDC.

All the financial matters and responsibilities related to both the up-grading works and periodic maintenance works shall be dealt at HPRIDC HQ level.

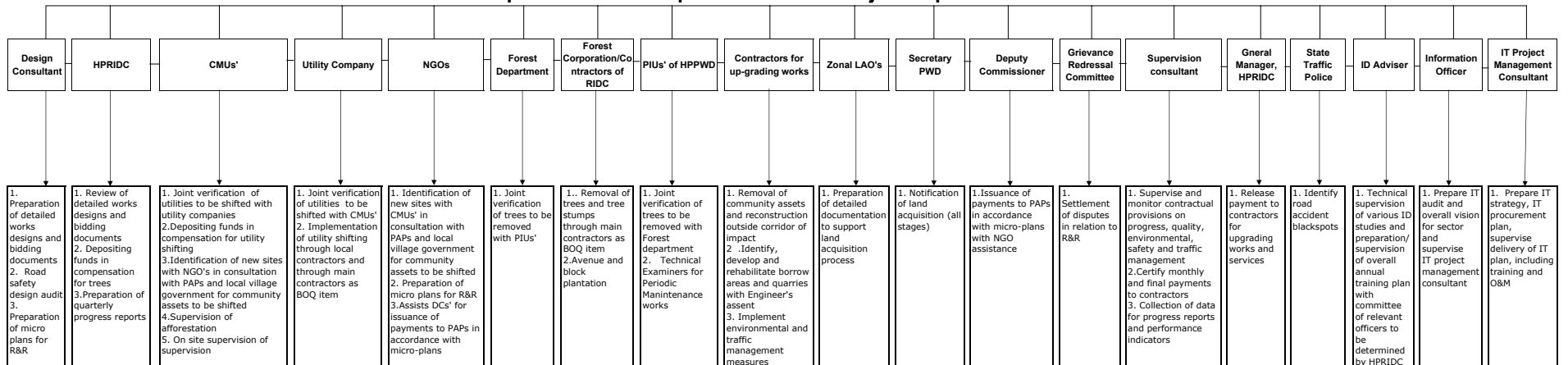
The HPRIDC shall appoint a full time Information Officer (IO) to oversee the planned Information and Communications Technology (ICT) improvements proposed under the external aided project. He will also act as the Assistant Public Information Officer for the HPRIDC as prescribed under the Right to Information (RTI) Act 2005. He along with Public Information Officer, will be responsible for (i) ensuring that suo moto disclosure of key project documents takes place in accordance with the Board's disclosure policy as per Table-I in Chapter 13 (ii) putting in place a computerized document management system within a reasonable timeframe as now required by law and (iii) providing information within the stipulated timeframe that may be requested under the Act by any citizen seeking information on the project.

The Road Project encompasses a wide range of activities and its success depends on the clear allocation of responsibilities at various levels. The Implementation Organization Chart and Flow Chart-I lists out some of the key activities and identifies the agencies responsible for the implementation. The process for each activity has already been detailed out in each of the respective Chapters.

Himachal Pradesh State Roads Project Implementation Organization Chart



Flow Chart-I
Implementation Responsibilities for Project Implementation



Acronyms

BOQ	Bill of Quantities
CMUs	Construction Management Units
DC	Deputy Commissioner
HPPWD	Himachal Pradesh Public Works Department
HPRIDC	Himachal Pradesh Road & Other Infrastructure Development Corporation
ID	Institutional Development
IT	Information & Technology
LAO	Land Acquisition Officer
NGO	Non-Governmental Organization
O&M	Operation & Maintenance
PAP	Project Affected Person
PIU	Program Implementation Unit
R&R	Resettlement and Rehabilitation
TE	Technical Examiner

CHAPTER 10 – RESETTLEMENT & LAND ACQUISITION

10. RESETTLEMENT & LAND ACQUISITION

Road development contributes to economic growth, which is well established and documented. However, widening and strengthening of roads often requires acquisition of land and other assets that are privately owned and leads to significant negative impacts on communities. Also poor resettlement and / or inadequate compensation leads to time overrun and eventually cost escalation. Such a scenario necessitates safeguard measures to mitigate and improve the socio-economic conditions of those affected and displaced.

The subsequent paragraphs details out the principles and procedures to be followed to address social issues in any developmental project.

10.1 Resettlement and Rehabilitation Policy & Entitlement Matrix

For up-grading works HPRIDC shall prepare a Resettlement and Rehabilitation Policy and Entitlement Matrix for Project Affected Persons (PAPs) and the same shall be endorsed by the Board of HPRIDC and approved by the Government to cover situations where temporary or permanent relocation of people is required or other types of losses will be incurred. The R&R policy shall be disclosed among the community in local language and made available at the website of HPRIDC. <http://www.himachal.nic.in/hpridc/>

A Social Development Officer shall be appointed within the HQ of the HPRIDC who shall be responsible for overall coordination of R&R activities. He shall report directly to the Chief Engineer-cum-Project Director. Each Construction Management Unit will have a dedicated Resettlement and Rehabilitation Officer (RRO) responsible for undertaking the R & R within his jurisdiction.

The HPRIDC shall, if considered necessary, hire a Non-Governmental Organization (NGO) to support it in ensuring timely and complete implementation of all provisions of the R&R Policy on upgrading works such that end of the project, eligible Project Affected Persons (PAPs) have improved (or at least restored) their previous standard of living. The objectives of the NGO assignment are to: (i) identify PAPs, and affected Common Property Resources (CPRs) and prepare necessary documentation required for the HPRIDC to deliver entitlements under the R&R Policy; (ii) educate PAPs on their right to entitlements and obligations under the R&R Policy; (iii) assist the PAPs, and owners of affected CPRs in relocation and rehabilitation, including counseling, and coordination with the local authorities; (iv) verify that all PAPs are given their full entitlements as due to them under the R&R Policy; (v) assist the PAPs in redressal of their grievances as provided for under the R&R Policy; and (vi) monitor and report on progress with RAP implementation. The NGO, if on board, will be supervised by the Social Development Officer and report in the field to the Executive Engineers of the Construction Management Units and to the Chief Engineer-cum-Project Director in Shimla.

In order to avoid court cases and to settle as many disputes as possible through consultations, prior to appraisal a Grievance Redress Committee (GRC) will be constituted in each district where upgrading works are occurring. The GRCs' mandate is to hear complaints from aggrieved PAPs and to instruct that remedial measures be carried out by the HPRIDC where required to fully meet the spirit and letter of the R&R policy. The GRC will be headed by a District Social Welfare Officer or similar person of high standing in the community in question, and will consist of the Superintending Engineer from the concerned HPPWD Circle, the Executive Engineer from the concerned Construction Management Units, as well as a representative of the NGO in case, he is on board. The PAP will be represented by the NGO in the event that the latter cannot make a coherent case before the GRC. The rules of procedure of the GRC are stipulated in the RAP. Apart from GRC, a District Level Committee (DLC) shall also be formed in all the

project districts. Primary role of DLC will be approving micro plans prepared by HPRIDC to arrive at eligibility of R & R. Assistance for all project affected persons. The specific role and composition of DLC is stipulated in RAP.

10.2 R&R Assistance

R&R assistance will be for expenditure on rental allowances, transitional allowances, training allowances, economic rehabilitation grants and shifting allowances. This expenditure will be accounted for in the overall accounts of the project as well as laid out in the micro-plans prepared by HPRIDC prior to the disbursement under this category. Apart from titleholders losing immovable properties, non-titleholders will also be assisted in restoration of income and shifting to new locations.

10.3 Land Acquisition

Land acquisition will be necessary for up-gradation of existing State Highways or Major Roads to two or four-lane traffic standards, construction of bypasses, bridges and their approaches, improvement of existing facilities, where the existing land or the available right of way (ROW) proves insufficient. Land may also be required for borrow areas, quarries, site office, labour camps, site plant etc. Land acquisition may be needed for wayside amenities, and also for estate development in case of a private funded project.

The Land Acquisition Act, 1894 shall apply to acquisition any land required by the HPRIDC for the purpose of up-grading roads, the land is required to be acquired in accordance with the provisions contained in the Land Acquisition Act, 1894.

The HPPWD has one Land Acquisition Officer (LAO) for each of three Zones in the State. The respective LAO for each upgrading road will be responsible for preparing and publishing the legally required notifications. The LAO will call on other Revenue Staff to undertake the detailed survey of each plot to be acquired. The R&R Policy mandates that negotiated settlement will be the default method of acquisition with the full process of eminent domain as prescribed under the Land Acquisition Act only being resorted to in the event that a titleholder refuses to negotiate or a reasonable rate cannot be arrived at (the policy sets a ceiling). The land/structure rates for each district are to be approved by the District Collector based on valuations prepared using three different methodologies. Payments will be made through the respective District Collector's Office.

10.4 Consultations and Public Participation:

In all activities of R & R Policy and Land Acquisition people's continuous consultations and participation shall be ensured throughout the project cycle. All major consultations will be posted on website of HPRIDC along with the follow up actions.

10.5 Disbursement of Compensation and R&R Assistance:

Compensation disbursements will be made through the respective District Collector's Office. The entire amount of compensation will be released by District Collector to a bank account opened in the name of PAP. Withdrawals from this account will be made under joint signatures of the PAP and the NGO. For all Phase 1 contracts, the land acquisition required for the priority stretches of at least 10 km will be complete by the time of contract award and the balance acquisition within six months of award. For R&R assistance, payments will be disbursed by HPRIDC through respective CMUs. The amount will be released to the bank account of PAP. A separate register will be opened for each Project Affected Person (PAP), and assistance will be transferred by a cheque or cheques, drawn on the the name of the PAP as "account payee cheques", against productive goods/works/services, as specified in the micro-plans. The joint account of PAP will be regularly monitored by NGO and RRO and receipts for the assets and/or services and utilization certificates provided by the PAPs will be maintained by NGO/RIDC and will be subject to statutory and internal audit. Though entire amount of compensation and R&R assistance will be released by District Collector/ CMU in one

tranche each, it will be withdrawn by the PAP in phases after PAP produces utilization certificates to the NGO/RRO for the amount withdrawn earlier. On withdrawal from the project, NGO will inform the bank that PAP would become the sole signatory to the account.

10.6 Sexually Transmitted Diseases (STDs):

HPRIDC in conjunction local NGOs will develop an HIV/AIDS intervention program. While Himachal Pradesh is currently a low prevalence state, it is considered to be a high risk state for the spread of HIV/AIDS. There is a need to include specific HIV/AIDS provisions in the works contracts as there will be local unskilled and semi-skilled labor. An HIV/AIDS awareness campaign will be carried out along all project corridors and in construction/labor camps and along the corridor. This campaign will also provide information on counseling, voluntary testing centers and other services available through the State AIDS Control Society of the Department of Health.

10.7 Indigenous Peoples and other Vulnerable Group:

During detail census and socio-economic survey no tribal families were identified. Hence there is no requirement for an IPDP. For other vulnerable populations, the R&R policy has additional provisions to improve their livelihood. The RAP and associated implementation arrangement are designed to ensure coverage of essential items required by Bank safeguard policies. In case any tribal family is identified during RAP implementation, a suitable tribal development plan will be prepared and implemented in conformity to OP 4.10.

10.8 Monitoring and Evaluation Mechanism:

The RAP for phase I roads provides monitoring and evaluation parameters and describes the institutional arrangements to facilitate the process and progress monitoring. Monitoring indicators and mechanism will be developed for other projects undertaken by HPRIDC on similar lines. An external agency will be hired to undertake independent mid and end term evaluation.

10.9 Capacity Building:

Training will be organized for Resettlement and Rehabilitation Officer at CMU level and Social Development Officer at Head Quarter on process of Social Impact Assessment; RAP preparation and implementation.

CHAPTER 11 – QUALITY ASSURANCE AND CONTROL

11. QUALITY ASSURANCE AND CONTROL

In order to achieve the aim of building safe and durable roads economically, the road structure should meet certain requirements. The characteristics that such a structure should possess should be specified through codes of practices and enforced through contract documents. Laying down not only the technical specifications but the workmanship and the testing and acceptance criteria, Quality Control comprises the operational techniques of controlling quality. A Quality Assurance Standard is set when the Quality Control system is operationalised using human resources, trained to a particular standard. Quality Management includes quality planning to maintain a Quality Assurance Standard, as well as Quality Control.

The HPRIDC was created in 1999 as a fully owned Government Company. The HPRIDC was set-up to raise fund and facilitate road and other infrastructure development in the State. However, in practice, the Corporation had to date only been used as a vehicle for raising funds. The Government of Himachal Pradesh has decided to undertake some road projects through this agency with a specific view to reduce the construction time so as to reduce traffic disturbances, usually faced during construction. While, speed is the criteria, quality can not be ignored under any circumstances. With this philosophy in view it has decided to use Quality Assurance Plans (QAPs) to be developed by Design Consultants for the Feasibility Study and Detailed Design Services and it is anticipated that the Supervision Consultant will develop a project specific Supervision Manual based on the following guidelines. Similarly, the Contractor will propose his Quality Assurance Plan (QAP) keeping the minimum requirements. The documents to be broadly based on the norms set up by Indian Roads Congress publications SP: 47-1998 and SP: 57-2001.

The QAPs shall be prepared to compile the general procedures and guidelines to be followed by the design, construction supervision and contractors' personnel in carrying out all aspects of the designing, construction supervision tasks. The QAPs shall mainly provide procedures for carrying out tasks related to inspection, testing and reporting. However, the QAPs shall not deal with day-to-day technical requirements, nor does it provide solutions to technical problems, as these technical issues are usually administered by the Specifications and other Contract Documents.

Quality Assurance systems are needed for a road project at various levels. For example, a QAP is required for each of the following activities:

- a) Design and Project Preparation
- b) Construction
- c) Operation and Maintenance

There are several organizations involved in the design, construction, operation and maintenance of a road project. These are:

- a) The Client (in the present case HPRIDC)
- b) The Design Consultant
- c) The Contractor
- d) The Supervision Consultant
- e) The Maintenance Agency
- f) The Independent Engineer who supervise the work of a contractor

Each of these organizations has to prepare a Quality Assurance Manual (QAM) covering their activities and scope of work. HPRIDC shall prepare QAM, as the client, in

supervising the execution of works. Till such time HPRIDC does not have its own QAM , it shall use QAM of National Highway Authority of India.

11.1 Quality Assurance Plans

The Quality Assurance Plans are base documents outlining policy, procedures, responsibilities, compliance, acceptance criteria and documentation needed for the successful implementation of a project. These should be prepared and accepted by all parties concerned before the start of a project. These should generally cover the following:

- a) Identification of all parties involved in QA and their interrelationship;
- b) Internal QA system of each party;
- c) Levels of cross-checking/verification in case of multiple verifications/controls, including systems of inspection and audit, wherever applicable;
- d) Organization of personnel, responsibilities and lines of reporting for QA purposes;
- e) Criteria for acceptance/rejection, including identification of proper authorities for such decisions;
- f) Inspection at the end of defect liability period;
- g) Items to be covered in maintenance manual; and
- h) All formats for documentation.

11.2 Quality Control (QC)

The operational techniques and activities that are used to fulfill requirements for quality. All those planned and systematic actions necessary to provide confidence that a product or service will satisfy given requirements for quality. MOSRTH guidelines shall be used for ensuring quality control on all up-grading and maintenance work.

Proper and relentless quality testing and meticulous quality control is the only way to build good roads. Accordingly, the Contractors are required to establish the Field Level Quality Control Laboratories. The laboratories are required to be provided with the equipments and trained staff. The Laboratories of HPPWD, Engineering Colleges and other institutions can also be used for higher level of Quality Control Testing. For meeting the requirements of testing, the HPRIDC may empanel the laboratories of such institutions and may also fix the rates for conducting different tests.

11.3 Publishing of project report along with audit findings

At the end of each Financial Year, a progress report along with audit findings may be published in a local daily and/or HPRIDC website. The report should contain not only the achievements but also shortfalls and problems faced by HPRIDC in implementing the project.

CHAPTER 12 – FINANCIAL MANAGEMENT

12. FINANCIAL MANAGEMENT

12.1 Introduction

The Government of Himachal Pradesh with the support of Government of India has requested World Bank assistance for the improvement and rehabilitation of State Highways in the State of Himachal Pradesh.

12.2 Background

The overall development objective of the proposed State Road Project is to improve the operating conditions of the road users in Himachal Pradesh, thus helping to provide the business enabling environment necessary to support Himachal's economic development Strategy. The project proposes to raise the service levels provided by the State roads which connect the village roads to the National Highways through (a) eliminating the growing bottlenecks in the network (b) increasing vehicle speeds by providing additional geometric capacity (c) reducing transport costs by improving road conditions and (d) strengthening State Government's capacity to plan and manage the work.

12.3 Financial Management Framework

HPRIDC shall receive funds for the project from State Public Works Department for executing the project. HPRIDC will report on the activities under the project based on quarterly Financial Monitoring Reports.

Considering the nature of operations of HPRIDC on the proposed project, it was agreed that HPRIDC prepares a document titled Financial Management Manual to ensure adequate guidance/information to enable the staff to discharge the financial management functions during project implementation and for regular maintenance of Roads thereafter.

The H.P. Road and Other Infrastructure Development Corporation Ltd. incorporated on 10.6.1999 as a Private Limited Company in the State of Himachal Pradesh registered under the Companies Act, 1956. The financial statements are being prepared on accrual basis under the historical cost convention in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act., 1956. The Annual accounts are being prepared as per requirements of Schedule VI of the Companies Act., 1956. It is pertinent to mention here that the accounts of HPRIDC are subject to audit u/s 619 of the Companies Act.

The office of The Accountant General also conduct the Proprietary Audit every year and thereafter the Review Audit. For these audits, the complete record of each and every transaction is required to be kept in the Head Office of HPRIDC. The CBDT has made it mandatory to file the **e-TDS/ TCS** returns on quarterly basis, The Deptt. of Companies Affairs, Govt. of India has also made it mandatory, the e filing of annual return of Companies. A new Chapter has also been inserted in the Income Tax Act containing sections 115W to 115WL which provides the levy of additional income tax on fringe benefits provided or deemed to have been provided by an employer w.e.f. 1st April, 2005. To adhere to these requirements and to avoid any penalties, it would be in the best interest of the Corporation to maintain centralized records at Head Office.

The proposed accounting system seeks to fulfil the information needs of the management for proper planning, allocation, & control of finance & working capital to meet the external reporting requirements of RIDC under the various statutes of the Government of India & HP and the World Bank.

The system has been designed with the objective that the Accounting, Financial Management System and its reporting is kept centralised for better internal control. The activities of the divisions / units will be gauged through pre designed MIS which the divisions / units shall be intimating on regular basis to HO for centralized reporting.

The Head Office shall act as a statistical nerve centre concerning all transactions compiled/consolidated from the units in the form of summaries, statements and measurement books, and in respect of the transactions directly undertaken by the Head Office viz. operation of Bank accounts, procurement of outside finances, payment to contractors, deposit of Statutory dues and others.

Required reporting of financial information to the World Bank shall be centralized through HO. The HO shall be responsible for compiling /consolidation & finalization of accounts and audit of accounts of all divisions /units.

Financial statements are the basic and formal means through which the management communicates financial information to various external users. A complete set of financial statements includes Balance Sheets, Profit and Loss account and other relevant schedules.

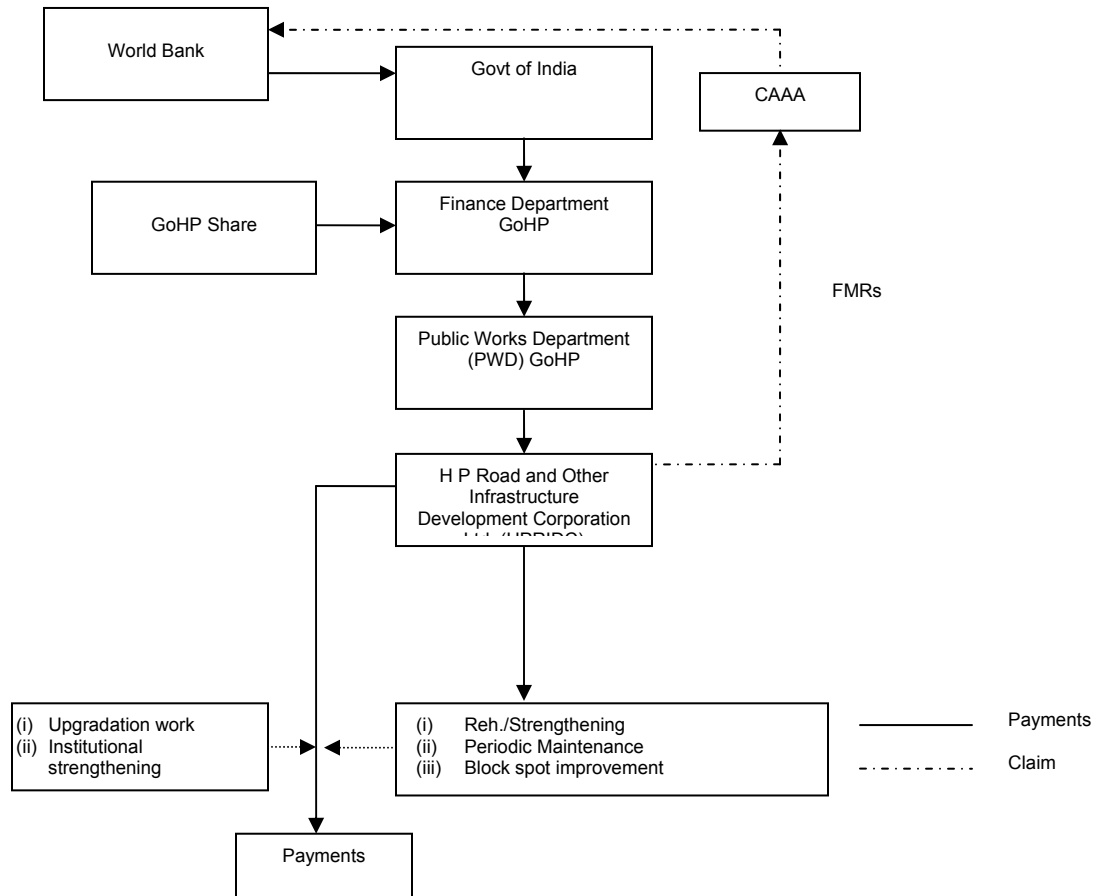
Preparation and presentation of financial statements are governed by the Company Law and accounting standards issued by the ICAI. International accounting standards can also provide useful guidelines on certain issues where Indian accounting standards are silent. These are the sources of the Generally Accepted Accounting Principles in India.

Section 210 of the Companies Act, 1956 requires the Board of Directors of every company to present at every Annual General Meeting held under section 166(I), a balance sheet as at the end of the accounting year and ii) a profit and loss account for that period. "Not for Profit" company as in the case of HPRIDC should prepare Income and Expenditure Account instead of Profit and Loss account. The term "Profit" should be replaced by the term "Excess of Income over Expenditure" and the term "Loss" should be replaced by the term "Excess of Expenditure over Income.

12.4 Fund Flow:

The HPRIDC shall be responsible for releasing payments to contractors on a regular basis.

Fund Flow



12.5 Budgeting

Under the proposed arrangement there shall be back to back transfer of funds from the Government of India to the State government on receipt of funds from the World Bank.

Based upon the works to be executed during the financial year, the Capital and Revenue Budget will be prepared by the HPRIDC in consultation with the Engineering Wing being headed by the Project Director as per the format annexed.

CAPITAL BUDGET: Detailed Capital budget will be prepared by the various CMU's for new works to be executed during the year. It will include head wise expenditure to be incurred during the year with the date of various activities to be completed. Complete detail of requirement of funds with date / month for various activities to be mentioned in the budget. All such requisite details along with relevant workings should be furnished to head office within the prescribed time. Details received from the CMU's will be compiled by Project Director after its due verification.

REVENUE BUDGET : On the above mentioned lines the revenue budget will be prepared comprising of renovation of roads and administrative expenditure separately by all the CMU's and the same will be forwarded to Project Director for its verification, Shimla along with necessary working for compilation.

The consolidated Budget prepared by the HPRIDC shall be forwarded to the State Government for making the necessary provisions in the State budget. The State government shall make the annual budgetary allocation for the project in the yearly budget of the Public Works Department and release the funds physically to the HPRIDC in a separate Bank account. The Government of Himachal Pradesh shall make available the funds to HPRIDC within two weeks of receipt of funds from Government of India. The transfer of funds from Government of Himachal Pradesh shall follow back to back arrangements of receipt of funds from Government of India by the State Government to ensure timely availability of funds for the project activities.

The Public Works Department shall account for the disbursement under the relevant budget head at the time of release under which the budgetary allocation was made.

Public Works Department is the first level of accounting. The State Government shall made budgetary allocation under a dedicated budget head in the PWD budget. At the time of transfer of funds to HPRIDC, PWD shall account it under the specified project budget head as utilization. HPRIDC shall be fully responsible for maintenance of all necessary project financial information in a computerized accounting software e.g. Tally. The HPRIDC shall compile information for its own payments made for getting disbursement from the World Bank.

12.6 Accounting Principles and policies

- i) As regards the written policies and procedures covering all routine accounting and related administrative activities are concerned, the primary consideration in the selection of accounting policy is guided by the concept of "truth and fairness". It is also a legal requirement that the financial statements should present true and fair view. Attempt will be made to adopt the accounting policies as suggested in the Schedule VI to the Companies Act. Para 17 of Accounting Standard – 1 "Disclosure of Accounting Policies" issued by the Institute of Chartered Accountants of India, states that three important governing factors in the choice of accounting policies are (i) prudence (ii) substance over form and (iii) materiality. Accounting Standard – I suggest that all significant accounting policies adopted in the preparation and presentation of financial statements should be disclosed.
- ii) The capital grants may be treated as deferred income and be allocated to the profit and loss account on a systematic and rational basis over the useful life of the assets. AS – 12 further suggests that the allocation should be made in the proportion of depreciation.

iii) Basis for Preparation of Financial Statement

The financial statements are prepared on accrual basis under the historical cost convention in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956.

iv) **Fixed Assets**

Fixed assets are stated at cost of acquisition less depreciation.

v) **Depreciation.**

Depreciation on assets is provided on the basis and in the manner specified under Schedule XIV of the Companies Act., 1956.

vi) **As per the decision of the Government of Himachal Pradesh, the expenditure in excess of income will be borne by the State Government.**

vii) The valuation of the assets entrusted to HPRIDC by the HPPWD/Government of H.P. shall be done as per the directions of the State Government.

Accounting Procedure

Preparation of Annual Accounts.

Section 211 of the Companies Act, 1956 required that every balance sheet of the company shall give a true and fair view of the state of affairs of the company at the end of the financial year. Balance sheet should be prepared in the form given in Notes to Part I of the Schedule VI and Notes to Part I should be followed while preparing a balance sheet.

No form of Profit & Loss Account has been prescribed in the Companies Act. A company can design its Profit & Loss Account suitably, provided the disclosure requirements specified in Part II of the Schedule VI are satisfied. In our case it would be Income and Expenditure Account instead of Profit and Loss Account already explained in earlier paragraph.

Section 209 (1) of the Companies Act, 1956 requires that proper books of accounts are maintained with respect to :-

- (a) all sums of money received in respect of receipts and all sums of money paid in respect of expenditure.
- (b) Assets and liabilities of the Company, and
- (c) Cost records relating to utilization of material or labour or to other items.

Proper books of accounts are to be maintained and follow double entry system of book keeping and accrual basis of accounting. The Balance sheet of the Company shall be either in horizontal or vertical form.

The Corporation is already maintaining proper records showing all particulars including quantitative details and situation of fixed assets and will continue to follow the same. These

fixed assets have been physically verified at regular intervals. No discrepancies have been noticed between the book records and physical verification. All the fixed assets have also been sufficiently covered by the insurance policies. It shall be ensured, in future, also that the records in respect of fixed assets are maintained, adhering to the requirement of Companies Act, 1956.

Accounts will be maintained on Tally Software version 7.2 at Head Office only. Initially Accounts of CMUs will be maintained manually and the same will be shifted on Tally in phased manner.

Statutory requirements.

The specimen of Balance Sheet of H.P. Road and Other Infrastructure Development Corporation is annexed at Annexure A & B.

The heads of accounts of Assets and Liabilities of the Balance Sheet will be as per annexure "C".

Capitalization and amortization of Project Cost.

Apart from the existing work of the organization, the main focus will be on the State Road Projects/works awarded to various consulting agencies/contractors etc.

A recent feature of the developing economy is the emergence of large capital projects. A characteristics of such projects is that they usually involve a fairly prolonged period of construction. During the period of construction, the project necessarily incur various expenses which prima – facia, are of a revenue in nature.

Such large capital projects are rarely financed out of Share Capital fund alone, it is therefore, usual to find that they incur financial expenses by way of interest charges and commitment fees during the period of construction, in respect of the funds borrowed from different financial institutions.

The expenditure other than direct capital expenditure i.e. Cost of Land, Expenditure on Rehabilitation & Resettlement and cost of project etc. which shall be incurred by a new project during its construction may be classified under the following different heads :-

- (1) Preliminary Expenses
- (2) Preliminary Project Expenditure
- (3) Financial Expenses
- (4) Indirect Expenditure
- (5) Other items of expenditure which would also normally be regarded as revenue expenditure.

Preliminary Expenses :- These expenses will include expenses in connection with public documents such as prospectus, R & R Policies etc. Such expenses will be carried forward on

the balance sheet and shown under the general group heading of **Misc. Expenditure** except to the extent that they are written off to Profit and loss account. The expenses will be amortized in five years after completion of work. This practice will be followed for Income Tax purpose also.

Preliminary Project Expenditure :- Under this classification would be included the expenditure incurred in connection with work of preparing the project reports, conducting feasibility study, land surveys etc. Such expenses will be carried forward on the balance sheet and shown under the general group heading of **Misc. Expenditure** except to the extent that they are written off to Profit and loss account. The expenses will be amortized in five years after completion of work.

Financial Expenses :- The interest charges on loans taken partly for the purpose of providing working capital and for financing the capital expenditure, the total amount of the loan will reasonably be apportioned between working capital and fixed capital expenditure; the interest during the construction period on the latter portion will be treated as indirect capital expenditure.

Indirect expenditure :- Under this classification would be included the expenditure on employees, expenditure on consultants, general administration and other office expenditure etc. A characteristic of this type of expenditure is that it would be of revenue nature. However, because the expenditure will be incurred during construction period and expenditure will be indirectly related to construction/work and incidental thereto, it will be capitalized as part of the **Construction cost**.

Other indirect expenditure:- Under this classification would be included the expenditure on training, conferences etc. Such type of expenses are not related either directly and indirectly to the work of construction. Such expenditure be treated as deferred revenue expenditure to be carried forward on the balance sheet under the head Misc. Expenditure and will be written off in five years after completion of project.

Grant in aid

Normally the HPRIDC will receive the funds from State Govt. of the following nature :-

1. Expenditure Grants
2. Capital Grants.

In both the cases, these grants will be credited to the "Unutilized Grants. In the case of Expenditure Grants, the funds will be received generally for the maintenance of the roads etc. On the completion of the work of maintenance, the expenditure will be debited to the Profit and Loss Account/Income and Expenditure Account and Unutilized Grant will be set off as suggested in Accounting Standard – 12 "Accounting for Government Grants." Assets related Government grants are recognized as Capital Grants. These grants may either be shown as deferred income or set off against the specific assets. AS – 12 is specific as regards the accounting for Government grants that relates to depreciable assets. The first alternative is to adjust the amount of grants against the gross value of the assets. In case amount of grants equals the whole or virtually the whole cost of the assets, it is suggested to show the assets at a nominal value in the balance sheet. Alternatively, the grants may be treated as deferred income and be allocated to the profit and loss account on a systematic

and rational basis over the useful life of the assets. AS – 12 further suggests that the allocation should be made in the proportion of depreciation.

TREATMENT OF GRANT IN AID

On receipt of Capital grant in aid, the same will be deposited in the designated account with the Bank. Bank will be debited and Unutilized grant will be credited. Thereafter, on the completion of work, the unutilized grant to that extent will be set off and Capital Reserve will be credited. On the other hand, at the time of payment of final bill, Fixed Asset will be debited and the designated account will be credited. On every 31st March, the depreciation will be charged on Fixed Asset. This depreciation will be debited to the Profit and Loss Account/Income and Expenditure Account and Fixed Asset to the extent of depreciation charged will be reduced. Then the depreciation will be transferred to the Capital Reserve through Profit and Loss Account/Income and Expenditure Account and Capital Reserve will be debited. The balance of Fixed Asset and Capital Reserve will be same at the end of each financial year.

As regards the Expenditure grant in aid, the same will be deposited in the designated account with the Bank. Bank will be debited and Unutilized grant will be credited. Thereafter, on the completion of work, the unutilized grant to that extent will be set off and will be charged to Profit and Loss Account/Income and Expenditure Account as Extra Ordinary Income. At the time of payment of final bill, the Profit and Loss account/Income and Expenditure Account will be debited and the designated account with the Bank will be credited.

The classification of accounting entries in respect of grants and level thereof is annexed at Annexure – D.

Fixed Assets Management

The Corporation has maintained proper records showing all particulars including quantitative details and situation of fixed assets. These fixed assets have been physically verified at regular intervals. No discrepancies have been noticed between the book records and physical verification. This procedure shall be followed in future also.

Purchase of movable assets e.g. computers, furniture & fixtures, vehicles etc. shall be recorded in the Fixed Asset Register with complete details such as name of asset, date of purchase, Suppliers name, Quantity, Value (Basic +ED +Vat + Freight + Insurance etc), Date of installation, location, Identification no, Rate of Depreciation, depreciation etc after the purchase is made. The payment for the fixed assets shall follow the general payment procedure as explained in earlier paragraph of the manual. The depreciation shall be charged on the rates specified in Companies Act/Income Tax Act.

HPRIDC shall also maintain a separate fixed assets and capital work in progress registers related to roads containing details as per format annexed.

Management of Bonds

As per the directions of the Government of Himachal Pradesh, HPRIDC has been raising funds through issue of bonds on behalf of the state Government for undertaking various development activities under the state plan. The money so raised has been remitted/deposited to the Government account. For repayment of debt raised through Bonds and timely payment of interest has been taken care of by the state Government on year to year basis. The state Government has given unconditional irrevocable guarantee for

these Bonds These Bonds has been shown separately in the balance sheet under head Unsecured Loans. The funds so received from the state Government for redemption and payment of interest are being routed through separate Escrow Accounts maintained with various Banks. The payment of interest and principal at the time of redemption is then made from Escrow Accounts.

Financial control relating to R&R payments.

Acquisition of land for the Road projects would be as per H.P Land Acquisition Act, 1894. Compensation for land acquired shall be paid by the State Government directly as per the provisions laid down under the Land Acquisition Act. The persons affected by the land acquisition having economic interest or lose their livelihood due to land acquisition and also does not own any other land or property will be compensated as per the broad principles laid down under the policy. The State Government will acquire the land and entrust the same to HPRIDC alongwith the existing infrastructure as and where basis. The value of the assets entrusted to HPRIDC shall be decided by the State Government separately.

R&R Settlement- All the land owners who become landless, after the acquisition of their share of land, shall also be compensated as per the R&R scheme of Land Acquisition Act. The said scheme will be implemented with the help of NGO, working in the respective areas.. Necessary budgetary provisions for the same will be made at HO level for which requisite details with the implementation schedule will be provided by the concerned CMU's. Broad entitlement framework of different categories of project affected people will be assessed. Provisions will be kept in the budget for those who were not present at the time of enumeration. The Resettlement Plan shall include a fully itemized budget and an implementation schedule linked to the civil works contract. All the expenditure incurred on Compensations, Economic Rehabilitation Grant, Transitional Allowance/Sustenance Allowance, Shifting Allowance and Training Allowance will be **debited to the direct cost of the project**. Formats for recording information relating to R&R payments are annexed.

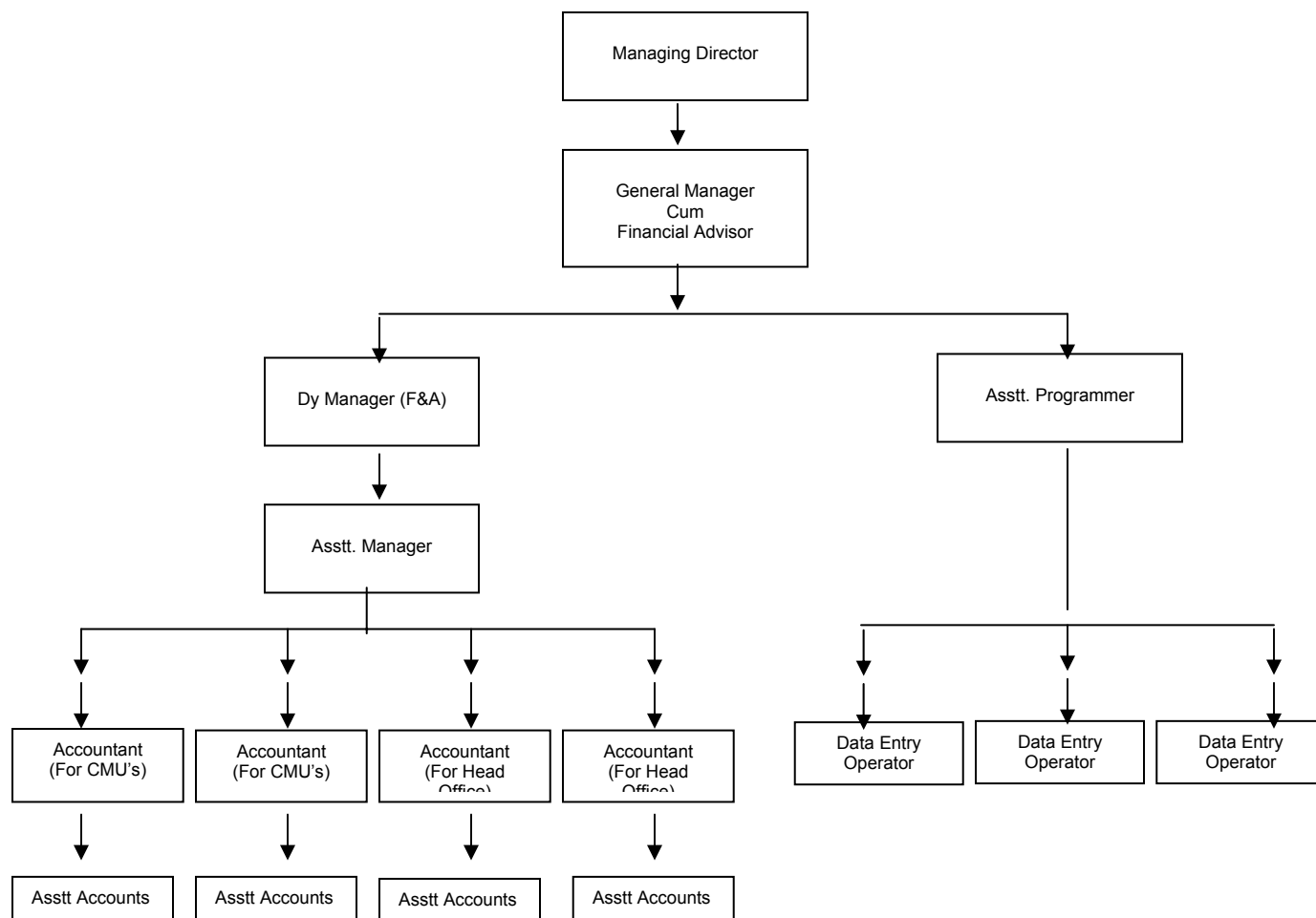
Responsibilities of CMU

(1) Receive Micro Plan Format.

(2) Collect photocopy of I.D.

NGO will submit two copies of micro plan and photocopy of identity to RRO at respective CMU. After proper verification RRO will send the claim to Social Development Officer, HPRIDC Head Office at Shimla, who will in turn forward the same to Finance and Accounts wing of HPRIDC HO at Shimla after its due verification. HPRIDC HO will transfer the funds to the CMUs for its further disbursement. The CMU will prepare independent Cheques and hand over the same to NGO/PAP.

12.7 Organization Structure of Financial Management at H.O. Level



Internal Control

The HPRIDC will follow an internal control mechanism to ensure that the same person will not process / approve and make the payments. The HPRIDC will get the road projects executed through separate Contract Management Units (CMUs) in which the Engg. Staff from Public Works Department would be posted on deputation.

A Chief Engineer has been posted in HPRIDC as Project Director who will be responsible for implementation of the civil works contracts (issue of advertisement) issue the bidding documents, receive bids etc. The Project Director would invite tenders for various works/consultancies and receive tender fees from parties buying tender forms. This may either be in the form of cash, cheques or bank drafts. The sale of tender forms shall be entered in the Tender Register. A receipt will be issued to each party who buy the tender form. A voucher will be prepared at the day end to account for the sale proceeds of the tender forms.

As per the terms of tenders, the applicants may be asked to provide Earnest Money Deposits in the form of bank drafts, cheque, bank guarantee alongwith tender. On receipt of EMD, the particulars of EMD shall be entered in the EMD register. All the cheques/drafts received shall be deposited in the bank as per procedure and the necessary entries shall be passed in the books of accounts.

The designated committee will evaluate the bids and on selection of party contract/assignment shall be assigned., The EMD of the rejected parties shall be refunded. The EMD of shortlisted parties shall be considered as security deposit and necessary entries shall be passed in the EMD register and in the ledgers.

The contractor shall submit the periodical running bills for the work completed to concerned PIU, who in turn will forward the same along with documents like measurement book, contract agreement, quality reports to the Project Director, who after due verification send the bills to the Finance and Accounts wing of HPRIDC.

A deduction on account of retention money, income tax, sales tax, advance given to the contractor or any other deductions ,as required, shall be made at a certain defined percentage/ amount from the bill approved for payment. A bank payment voucher shall be prepared for the payment. The voucher along with the supporting documents and cheque issued register shall be presented to the authorized signatories for authorization. Once the cheque is authorized by the signatories appointed for cheque signing, the same shall be issued to the party. The cash book and the bill passing register shall be updated on making payment with reference of the bank payment voucher. All payments shall be entered in the respective folio of Bill passing register also.

However, the H.O. will get the expenditure sanctioned from the appropriate authority duly approved by the Board, before releasing the payment. The payment shall be made directly to the contractors through CBS cheques payable at par at all branches in India in accordance with the conditions of the agreement of the contract. The HPRIDC will also strengthen the PIUs by deploying the Accounts Staff in the each PIU, who will prepare the periodical statements/ MIS for onward submission to the Head Office.

In case advance has to be paid to the party, the advance applications/bill shall be approved by the appropriate authority and payment will be processed as per the payment procedure.

Reconciliation of advances given to contractors/suppliers shall be done on a quarterly basis. This will ensure that there are no differences in amount shown as advances pending, and any difference shall be reconciled instantly

Bank Reconciliation Statement (BRS) shall be prepared on a monthly basis.

Proper vouchers (duly supported by the relevant documents) for all cash receipts, cash payments, Bank receipts/Bank payments shall be prepared in serial order for accounting transactions.

Keeping in view the project activities, the major accounting activity shall be the payment to contractors, as advance or running bills payments. Payment to contractors shall be based on specific work orders/agreements etc. Payments shall be made as per payment milestones mentioned in the agreement and submitted by the contractors. No payment shall be made unless the Quality Control Test Report confirms the work as satisfactory.

Audit by C.A.G.

The Annual accounts are being prepared as per requirements of Schedule VI of the Companies Act., 1956. It is pertinent to mention here that the accounts of HPRIDC are subject to audit u/s 619 of the Companies Act. The CAG appoints the Statutory Auditor from the panel of the Chartered Accountants to submit his report on the accounts of the Company. Thereafter, the CAG through the audit party of the local o/o Accountant General conduct the audit of the accounts of the Company and submit its comments. These audited accounts alongwith the comments of the CAG shall be placed before the Share Holders in the Annual General Meeting every year for consideration and adoption. The o/o the Accountant General also conduct the Proprietary Audit every year and thereafter the Review Audit. For these audits, complete record of each and every transaction is required to be kept in the Head Office of HPRIDC.

As per the requirement of the World Bank, the Statutory Auditors appointed by the C.A.G. shall also adhere to the TOR of the World Bank as annexed at Annexure – F.

Introduction of Internal Audit

Internal audit is an independent management function, which involves a continuous and critical appraisal of the functioning of an entity with a view to suggest improvements thereto and add value to and strengthen the overall governance mechanism of the entity including the entity's risk management and internal control system. An internal audit system commensurate with its size and nature of business has been introduced & a firm of Chartered Accountants has been entrusted the job of internal audit for the year 2006-07 which will also strengthen the financial management/control.

Major area to be covered by Internal Auditors

1. **Audit of Expenditure** :- Auditing of all expenditure including review of R&R payments and giving opinion whether all the expenditure has been made for the purposes intended for, used with due attention keeping in view economy and efficiency and which complied with all relevant rules and procedures of the project and World Bank. The financial Management Framework to be followed, shall be taken as the base document and complied with.
2. **Procurement** :- Checking that all procurement of goods and services has been done as per the Procurement Manual and to report any deviation from the manual or cases of undue favour, misprocurement, corruption etc.
3. **Checking of all FMRs** :- Checking of the FMRs prepared by the CMUs and HPRIDC, confirming that the same have been drawn on a realistic basis/and the same are as per books of accounts.
4. **Compliance** :- To Ensure compliance as per laid down procedures in the Financial Management Framework. Special emphasis should be given on monitoring of internal controls and service standards.

The Internal auditor shall express his opinion on various issues explained above in the internal audit report and submit the same not later than one month after completion of audit. The report shall cover the current process, deviations from Framework and general accounting principles, monetary impact of deviation, person responsible and suggestions for improvement, if any. The auditor should submit three copies of the Report. The Internal audit shall be conducted on a half yearly basis. As the project funding increases, the periodicity can be reviewed and made on a quarterly basis. The HPRIDC shall provide access to all vouchers, supporting, books of accounts, previous audit statements, Financial Statements and all relevant documents. HPRIDC will also put the Audited Financial Statements on its website.

Financial Monitoring Reports

The Financial Monitoring Reports shall be prepared on quarterly basis. All the expenditure on the project activities made in the previous quarters will be recorded in the reports on the basis of the reports submitted by the different CMUs. There shall be an MIS to compare the Budgeted Expenditure verses actual expenditure for the various components and sub components of the project.

The Project Financial Statements (PFS) shall be prepared on an annual basis and shall represent the financial statements for the project. These statements shall be audited by the Statutory Auditor. The financial statements forming part of the PFS are as under :-

1. *Summary of Funds Received:* - This shall contain the funds received separately from World Bank and Government of H.P.

2. *Summary of Expenditure:* - This shall show under the main project components/sub-components headings the summary of expenditure both for the current fiscal year and accumulated till date.

Balance Sheet :- This shall show the accumulated funds for the project, bank balances, other assets of the project and liabilities, if any.

4. *Reconciliation of funds as per Consolidated books of accounts and as per World Bank* :- This shall reconcile the amounts shown as 'received by the project from the World bank' and that actually been 'disbursed by the Bank.'

HPRIDC will also put the IUFR (Interim Un-audited Financial Reports) on its website as per draft format annexed.

HIMACHAL PRADESH ROAD & OTHER INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED, SHIMLA. Annexure - A

BALANCE SHEET AS AT 31ST MARCH, _____

LIABILITIES.	Previous Year.	Current Year.	ASSETS	Previous Year.	Current Year
Share Capital			Fixed Assets (including Capital Work in progress		
Reserves and Surplus			Investments		
Grant & Subsidies (Unutilized)			Current Assets, loans & Advances		
Secured Loans			Misc. Expenditure		
Unsecured Loans			(To the extent not written off or adjusted)		
Current Liabilities & Provisions					

Accounting Policies, Contingent liabilities and Notes on account form an integral part of the Balance Sheet.

Total	_____	_____	Total	_____	_____
	_____	_____		_____	_____

General Manager

Director

Managing Director.

HIMACHAL PRADESH ROAD & OTHER INFRASTRUCTURE DEVELOPMENT CORPORATION LIMITED, SHIMLA.

INCOME & EXPENDITURE ACCOUNT AS AT 31ST MARCH, _____

Particulars	Current Year.	Previous Year.	Particulars	Current Year	Previous Yr.
<u>Establishment Expenses</u>			Interest received on deposits		
Salary & Wages to Staff			Security/Earnest Money forfeited		
Amenities to Staff					
C.P.F. & allied expenses			Depreciation trfd. to Capital Reserves		
<u>Administrative Expenses</u>			<u>Extra Ordinary Item</u>		
Telephone Expenses			Grant in aid received from the Govt		
T.A. to Staff					
Stationery expenses			Income relating to earlier years.		
Rent, rate and taxes					
D. Mat Expenses			Reimbursable from Govt. of H.P.		
Filing Fee					
Legal & Professional expenses			Reimbursable from Govt. of India		
Office maintenance					
Electricity & Water					
Postage Expenses					
Insurance Expenses					
Audit Fee					
<u>Finance Expenses</u>					
Bank Charges					
Intt. Paid on loans					
Intt. Paid on Bond Issues					
Fixed Assets Discarded					
Preliminary Expenses Written off					
Fringe Benefit Tax					
Expenditure relating to earlier years					
Depreciation					
Total :-	_____	_____	Total :-	_____	_____
	_____	_____		_____	_____

Annexure 'C'**LIABILITIES****Share Capital**

- Authorised Capital
- Issued & Subscribed
- Paid up
(_____ equity share of Rs. _____ each)

Reserves & Surplus

- General Reserves
- Capital Reserves
- Other Reserves (specifying the nature of each Reserves and amount in respect thereof.

Opening Balance	_____
Additions during the year	_____
Less :- Dep. Trfd. from P & L a/c	_____
Balance	_____

Grant & Subsidies (Unutilized)

Opening Balance	_____
Additions during the year	_____
Less :- Trfd. to Reserves & Surplus	_____
Balance	_____

Secured Loans

- Any loan from Govt./Bank/Financial Institutions – (Secured by way of Hypothecation of any moveable or Unmovable assets)

Unsecured Loans

- Bond Issues (secured by way of Govt. Guarantee)
- Fixed Deposits
- Short Term loans & Advances
 - From Bank
 - From Others
- Other Loans and Advances
 - From Bank
 - From Others

(Interest accrued and due on loans will be included under the appropriate sub heads under Unsecured Loans)

Current Liabilities and Provisions**Current Liabilities.**

- Sundry Creditors
 - S.S.I. Units
 - Others.
- Advances received
- Bills Payable
- Expenses Payable
- Staff Credit Balances
- Interest accrued but not due on bond issues/loans

Other Liabilities

- C.P.F. Payable
- T.D.S. Payable
- Salary Payable
- Sales Tax Payable
- Misc. salary deductions payable
- Interest payable
- Current Account overdrawn (Due to reconciliation)
- Security/earnest money payable

Provisions

- For expenses
- For Fringe Benefit Tax

ASSETS**Fixed Assets**

- Land
- Roads, Culverts and bridges
- Building
- Vehicles
- Office Equipments
- Computers

- Furniture & Fixtures

Under each head the original cost, additions thereto, deductions there from during the year, total depreciation written off or provided upto the end of the year will be stated separately.

Investment (if any)

Current Assets, loans and Advances.

1. Current Assets

- Stores and Stocks

Cash & Bank Balances

- cash in hand
- Remittances in transit
- With Scheduled Banks

In Current Account

In Fixed Deposits

- With Non Scheduled Bank

In Current Account

In Fixed Deposits

(In the case of Non Scheduled Banks, list of the bank with maximum balance during the year be stated)

- Other Current Assets

- Expenses Recoverable
- Interest Recoverable
- Claims Recoverable

2 Loans & Advances.

Loans

To Employees

To Others.

Advances

(Recoverable in cash or kind or for value to received.)(Unsecured considered good unless otherwise stated.)

- Advances to Staff
- Advances to Contractors/Consultants
- Security Deposits
- Advances to Others
- Prepaid expenses
- Advance Fringe Benefit Tax
- Lease rentals recoverable

Misc. Expenditure (To the extent written off or adjusted)

- Preliminary Expenses
- Intt. Paid out of Capital during Construction period
- Development Expenditure
- Others (specifying nature)

Annexure-D**On receipt of Capital grant in aid -****Debit**

Bank Account

Credit

Unutilized grant

On the completion of work**Debit**

Unutilized grant

Credit

Capital Reserve

At the time of payment**Debit**

Fixed Asset

Credit

Bank Account

At the end of the financial year**Debit**

Depreciation

Credit

Fixed Assets

Debit

Capital Reserve

Credit

Depreciation trfd. to Capital Reserve

On receipt of Expenditure grant**Debit**

Bank Account

Credit

Unutilized grant

On the completion of work**Debit**

Unutilized Grant

Credit

Profit & Loss Account as Income

At the time of payment**Debit**

Profit & Loss Account as Expenditure

Credit

Bank Account

Annexure - E**Books of Accounts.**

The set of books of accounts/statements maintained by the HPRIDC shall be as follows:-

Sl. No.	Title	Periodicity for preparation
1.	Bank Reconciliation Statement	Monthly
2.	Fixed Assets Register	On each transaction
3.	Civil Work in progress register	On each transaction
4.	Chart of Accounts	As per the Tally format

ANNEXURE – F**HIMACHAL PRADESH ROAD & OTHER INFRASTRUCTURE DEVELOPMENT
CORPORATION LIMITED.****TERMS OF REFERENCE (ToR) FOR EXTERNAL AUDIT****I. INTRODUCTION**

The Himachal Pradesh State Roads Project (HPSRP) will be implemented by Himachal Pradesh Roads and Other Infrastructure Development Corporation (HPRIDC); development objective of the project is to improve access of the Himachal Pradesh (HP) population to markets and essential services, through actions to reduce the cost and time of travel on the core road network and to improve its safety. The core network consists of 2,160 km of state highways and 2,240 km of major district roads as notified by the GOHP in July 2005. The indicators that are proposed to measure performance in achieving the development objective are: (i) condition of core network; (ii) speeds on the core network; (iii) number of fatal road accidents on the core network; and (iv) road user satisfaction on the core network.

II. PROJECT COMPONENTS

The project includes two components:

Core Network Improvement Component (US\$200 million): Upgrading works - including widening of formation, realignment, new structures and pavement strengthening - on approximately 440 km of state roads in the core network to either double (7m), intermediate (5.5m) lane standard or, in one case, single lane (3.75m) standard, including supervision through independent consultants, land acquisition and application of safeguard measures. This component will be implemented in two phases to spread the administrative burden, the first starting in the middle of 2007 and the second starting in late 2007.

Core Network Maintenance and Management Component (US\$45 million): Civil works on about 2,000 km of the core network, to include periodic maintenance (overlays and reseals) and minor rehabilitation (replacement and addition of base materials and structures within the existing formation width), piloting performance based maintenance contracts and accident black spot improvement, all to be supervised by the borrower's own staff with independent technical examiner. The component will be part funded by the World Bank and part by the GOHP. This would be implemented in five annual maintenance programs to start in FY 2006/07 and would be designed to accelerate the removal of the existing backlog to allow the GOHP to reach a steady state of renewals on its core network. The maintenance planning tool being put in place by consultants under the RRP will be used to identify works. The component will also include various services and goods to assist the GOHP to better manage and finance the core network.

The project's financial management arrangements will be handled by HPRIDC; this is a Government of HP owned Company under the Companies Act, 1956. Funds for the project activities will be provided to HPRIDC. For the Core Network Improvement Component, contracts for works, goods and consultancy services will be entered into by HPRIDC and payments made as per contract terms. For the Core Network Maintenance and Management Component the works will be carried out by Executive Engineers on behalf of HPRIDC and payments will be made by HPRIDC.

This Term of reference (TOR) is meant as guidance for the external statutory auditor of HPRIDC, appointed by C&AG under Section 619 of the companies ACT, 1956 as an additional reference, in addition to the audit as prescribed by the office of C&AG and defined under the Companies Act, 1956 for a Government Company.

III. OBJECTIVE OF AUDIT

The objective of audit of HPRIDC, is to enable the auditor to form an overall professional opinion on the Entity's Financial Statements including activities undertaken by it under the HPSRP.

It is expected that the Financial Statements of the HPSRP will be separately prepared by HPRIDC, and shall be consolidated to prepare the financial statements of the entity (HPRIDC) at the end of each fiscal year. The auditor will be required to review the funds received, loans/ grants made and expenditures incurred on the project during the accounting period under audit, as reported by various financial reports including the Interim Unaudited Financial Reports (IUFRs) and other financial and related information, as a part of the overall audit of the expenditures of the Corporation. It is expected that the auditors' overall professional opinion on the financial statements, will be based on tests of eligibility of project expenditures as per the financing / Legal Agreements with donors and other parties/ lenders.

IV. SCOPE AND COVERAGE

The statutory audit of HPRIDC will be carried out in accordance with National Standards of Auditing (as promulgated by the Institute of Chartered Accountants of India) as applicable to Companies incorporated under the Companies Act, 1956 and will include such tests and controls as the auditor considers necessary under the circumstances. In conducting the audit, special attention should be paid to the following:

All funds including external funds have been used in accordance with the conditions of the relevant GoHP directives/ financing agreements, with adequate attention to economy and efficiency, and only for the purposes for which the financing was provided, Relevant financing agreements are Loan Agreement, Project Agreement, Project Appraisal Document, Borrower's Operational Manual under Loan No.---- (to be allotted by World Bank after approval);

Counterpart funds (as detailed in the PAD and financing agreements) have been provided and used in accordance with the relevant financing agreements, and only for the purposes for which they were provided ;

Goods and services financed have been procured in accordance with the provisions in the relevant financing agreements, the agreed operational framework as detailed in the operational manual and applicable (World Bank) guidelines and rules;

All expenditures, including procurement of services, have the necessary supporting documentation and have been incurred in accordance with the agreed operational framework as detailed in the operational manual, applicable guidelines/ rules and relevant financing agreement.

All necessary supporting documents, records, and accounts have been kept in respect of all project ventures including expenditures reported via SOEs / FMRs. Clear linkages should exist between the books of account and reports presented to the Bank. Adequate arrangements exist for physical verification / maintenance of assets created under the project.

Accounts have been prepared in accordance with consistently applied Accounting Standards as prescribed by ICAI and applicable in this respect and give a true and fair view of the financial situation at the year end and of resources and expenditures for the year ended on that date.

V. OPINION ON FINACIAL STATEMENTS, FINANCIAL REPORTING AND DISCLOSURES:

As a part of the mainstreamed approach to audit, the statutory auditor appointed by the office of C&AG would be required to opine on the financial statements reflecting project expenditures of the HPSRP, as an integral of the overall audit of HPRIDC. In other words, the auditor will form an overall professional opinion (True and Fair view), as required under the Indian Companies Act, 1956 and other standards applicable to the Indian Companies, on HPRIDC's Entity Financial Statements including findings of audit of the Financial Statements of the HPSRP.

Reporting on the audit of project financial statements will be done as a part of the overall Annual Report of HPRIDC with the following additional accounting disclosures (as a part of the management representation):

a) Sources and Uses of Funds received for the project along with those expended during the period should be disclosed in manner as attached in Annexure 1.

b) A Management Assertion that all resources (including World Bank Funds) have been expended in accordance with intended purposes as specified in the relevant GoHP Directives/ legal agreements with donors.

The Entity audit report (with prescribed disclosures and an opinion in the agreed format) should be submitted to the World Bank no later than six months from the date of close of the financial year.

VI. MANAGEMENT LETTER

The auditor shall also prepare a Management Letter, in respect of the HPSRP, giving comments on accounting records, systems and controls that were examined during the year, identify specific areas of weakness if any and make recommendations for improvement, report on the degree of compliance of the financial covenants and agreements, report on any ineligibles that were identified during the year, comment on matters that have a significant impact on implementation and any other matter he considers important to be brought to the notice of the borrower. Any ineligibles identified during the audit review should be specifically brought out in the Management letter prepared by the auditor, along with the remedial action that should be taken by the client to remove the systemic weaknesses, if any.

VII. GENERAL

The External Auditor will be given access to all documents, correspondence, and any other information relating to the project and deemed necessary. The External Auditor should become familiar with the project and with the relevant policies and guidelines of the Government of HP and the World Bank (including those relating to disbursements, procurement, financial management and reporting). The External Auditor would be provided copies of the Project Appraisal Document (PAD) of the World Bank, Loan Agreement and Project Agreement with

World Bank (including agreed Minutes of negotiations); guidelines, policies and procedures issued by project management and implementing agencies; and relevant World Bank policies and guidelines especially World Bank's Guidelines on Financial Reporting and Auditing (for continuing entity which is applicable to the extant project) and others (Disbursements Handbook, project Financial Management Manual, Procurement Guidelines, and other such guidelines or policy documents).

The External Auditor should obtain satisfactory documentary evidence to support any conclusions of a serious nature.

The External Auditor would be appointed by the Office of C&AG as prescribed under Section 619 of the companies Act, 1956.

H.P. ROAD & OTHER INFRASTRUCTURE DEVELOPMENT CORPORATION LTD.

Chart of Accounts				
			Accounting Treatment	
Source of Funds	Explanation of Account Head	Group	Dr.	Cr.
a) Capital	Investment made by the State Govt.	Sub Group		Credit
b) Reserves & Surplus				
a) Capital Reserve	On completion of the road (to the extent grant utilized)	Sub group		Credit
b) Funds received from Govt. of H.P.	On receipt of funds received from GoHP. On utilization of the funds, the same will be transferred to Capital Reserve/ Expenditure.	Sub group		Credit
c) Funds received from World Bank	On receipt of funds received from World Bank. On utilization of the funds, the same will be transferred to Capital Reserve/ Expenditure.	Sub group		Credit
c) Unsecured loans	On mobilization of Bond Issues	Sub group		Credit
Application of funds		Group		
a) Fixed Assets	On acquisition / construction (Expenditure on completion of Road works/ Resettlement & Rehabilitation/ Services/ Afforestation)	Sub group	Debit	
Gross Block				
Less depreciation				
Net Block				
Capital work in progress	On finalisation of running bills of contractors the same will be debited to the Capital Work in progress.	Sub group	Debit	
b) Current Assets, Loans and advances.				
Stores and Stocks	On purchase of any stores/ stocks. The utilization of stores/stocks will be credited to this account	Sub group	Debit	

Cash and Bank balance				
a) cash in hand	On receipt of any payment in cash	Sub group	Debit	
b) Current Account	On deposit of any payment in the account	Sub group	Debit	
	On making of any payment from the account			Credit
c) F.D.Rs	On purchase of F.D.R. from the banks	Sub group	Debit	
d) Interest accrued but not due	On the closure of the year, interest upto year ending	Sub group	Debit	
Loans and Advances				
Loan to Govt. of H.P.	On deposit of amount with Govt. Treasury out of the Bond Issues	Sub group	Debit	
Advances to Contractors/Consultants	On making any mobilization advances,	Sub group	Debit	
Earnest money	On receipt of any tenders	Sub group	Debit	
Security deposits	On finalization of tenders/while making the payment of bills to the Contractors	Sub group	Debit	
Prepaid Expenses	Any payment pertaining to the next financial year	Sub group	Debit	
Misc. Expenditure (to the extent not written off)				
Any expenditure incurred on prospectus/R&R	On publication of notification regarding acquisition of land. This will be amortized in five years after completion of work	Sub group	Debit	
Expenditure on Project reports	Any expenditure incurred on project reports, feasibility study, land surveys etc. This will be amortized in five years after completion of work	Sub group	Debit	
Less :- Current liabilities				
Sundry Creditors	Withheld money of contractors	Sub group		Credit

Security Deposits	At the time of passing of running/final bills of contractors against any section of work	Sub group		Credit
Earnest Money	At the time of finalizing of bids. EMD of successful bidder	Sub group		Credit
Statutory deductions from Contractor such as TDS, Sales tax, Royalty	At the time of passing of running/final bills of contractors against any section of work and will be deposited with the Govt. in prescribed time	Sub group		Credit
Retention Money	Deducted from the Contractor bill	Sub group		Credit
Road strengthening and periodical maintenance	Any expenditure incurred on Road, strengthening and periodical maintenance	P & L Account	Debit	
	Any expenditure incurred on routine maintenance of roads/Blackspot improvement	P & L Account	Debit	
	Any expenditure on road safety/safety awareness	P & L Account	Debit	
Administrative cost such as T.A/Stationery/Rent, rates and taxes/Telephone/insurance/Electricity /Audit etc.	At the time of making the payment or on accrual basis	P & L Account	Debit	
Interest paid on bonds	At the time of actual payment to the investors or on accrual basis on year end	P & L Account	Debit	
Misc. expenditure w.off	1/5 th Expenditure of the Misc. Expenditure on year end.	P & L Account	Debit	
Income Earned				
Tender fees	On Sale of tender forms to the contractors	P & L Account		Credit
Interest on F.D.R.s	At the time of maturity of F.D.R.s	P & L Account		Credit
Depreciation trfd. To Capital Reserve	To the extent depreciation on fixed assets created out of the Grant on year end	P & L Account		Credit
	Any Revenue Grant in aid received from World			

Revenue Grant in aid	Bank/GoHP should be recognized in the income over the periods necessary to match them with related costs on a systematic basis.	P & L Account		Credit
Any other head of account as authorized by the G.M. –cum – F.A				

[illegible]

Amount Eligible for

Sr.No	Name of the PAF	Chainage	District	Block	Panchayat	Village	Type of Loss	Degree of loss	Type of Assistance (s) eligible for *						Amount to be disbursed under assistance(s)	Replacement Value**	Total amount disbursed	Total amount balance
									Shifting allowance	Transitional Allowance	Subsistence allowance	Training	ERG	Rental allowance	Any other project specify			

*Enclosure 1: Justification for entitlements.

Provide reasons for every entitlement by referring to entitlement framework

For e.g., Shifting Allowance has been given to say 100 PAPs. In annex clearly mention that all PAPs are eligible for shifting allowance of Rs. 500 or Rs. 1000, whatever the case may be. Also refer to the clause number provided in entitlement framework.

The Enclosure 1 should also carry the following table.

Sr.no	Entitlement	Number of EPAFs	Total amount to be disbursed
1	Transitional Allowance		
2	Subsistence Allowance		
3	Shifting Allowance		
4	Rental Allowance		
5	Training		
6	ERG		

**Enclosure 2 : Methodology Followed for arriving at replacement value

During the verification survey, NGO shall prepare a list of tentative alternative economic rehabilitation activities as option to EPAFs. This annex will have a consolidated table on various trades and number of EPAFs

Sl.no	Name of the trade	Number of DPAFs	Amount per DPAF for training	Total amount

This enclosure shall also carry the tentative list of master trainers/training institutions.

CHAPTER 13 – INFORMATION MANAGEMENT AND DISCLOSURE POLICY

13. INFORMATION MANAGEMENT

At present there is low level use of Information and Communication Technology (ICT) for information management in HPRIDC. The low levels of use of ICT in the HPRIDC shall be addressed through implementation of computer based information management systems (MIS). Modernization of business processes and management information systems would be carried through creation and implementation of technical, financial and operational management capacity using computer based MIS systems. An information officer will lead the MIS Team in the HPRIDC. The information officer will be guided by a committee of experts from across the Government of Himachal Pradesh and one senior representative from the HPRIDC engineering cadre. The HPRIDC will take services of a Project Management Consultant (PMC) to advise and support the planning, design and implementation of an ICT program in a stipulated time frame of 12 months. The ICT program of HPRIDC shall be dovetailed with the Himachal Pradesh State Wide Area Network (HIMSWAN) and E-governance initiative of the Information Technology Department of the Government.

13.1 Disclosure Policy

Right to Information Act 2005 (RTI) has become effective in India since October 12, 2005. It encourages *suo motu*¹ disclosure of and universal access to information wherever in the public interest. The Act requires that records be maintained and be available to the public. Compliance with the Act is required for all public entities.

To fully comply with the RTI, the implementing agency HPRIDC has developed a draft disclosure for HPRIDC, which consists of the following four parts:

- (A) a list of documents to be provided *suo motu* as specified in the sections 4 (1) (b), (c), and (d) of RTI;
- (B) organizational arrangements and procedures for implementing the disclosure policy as per sections 5(1), 5(2), and sections 4(1)a, 4(2), 4(3) and 4(4)
- (C) reporting and monitoring systems for monitoring and evaluation of the implementation of the disclosure policy as per sections 25(1), 25(2), and 25(3);
- (D) a capacity building plan (including public awareness campaigns) as per section 26(1).

The responsibility for implementation of this policy (including all the above four components) rests with HPRIDC Public Information Officer (PIO) with approval of HPRIDC Managing Director.

This draft disclosure policy has been presented to and endorsed by the Chief Information Commissioner (CIC), this will guide all operations under HPRIDC.

Based on the experience to be gained, this draft disclosure policy will be jointly reviewed by HPRIDC and CIC annually, and be further updated/improved. HPRIDC may invite an external agency which has experience in advising government agencies on implementation of RTI act to assess the compliance of this policy with the RTI Act and provide recommendations for further improvements.

¹ *Suo Motu* disclosure of information, is a term used in the RTI, referring to the disclosure of information by a government agency “as per operating procedure,” as opposite to “on-demand”.

A. Disclosure of Information

As per sections 4(1) (b), (c), and (d) of RTI, HPRIDC will disclose information related to its corporation as well as its projects under preparation and implementation (including the one supported by the World Bank) at its website. The table below specifies types of information for disclosure, time and frequency, media, and responsibility for disclosure, covering all HPRIDC projects irrespective of sources of funding. However, disclosure at the World Bank Infoshop will be required exclusively for Bank-supported projects.

Table-I: List of Information/Documents to be disclosed by HPRIDC as required by RTI Act*

Topic	Documents to be disclosed	Time & Frequency	Media	Responsibility
HPRIDC's General Information	the particulars of HPRIDC, functions and duties	Immediately upon their development and/or their revision	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
	the powers and duties of HPRIDC officers and employees	Immediately upon their development and/or their revision	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
	procedure followed in HPRIDC decision making process, including channels of supervision and accountability	Immediately upon its development and/or its revision	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
	the norms set by HPRIDC for the discharge of its functions	Immediately upon their development and/or their revision	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
	the rules, regulations, instructions, manuals and records, held by HPRIDC or under its control or used by its employees for discharging its functions	Immediately upon their development and/or their revision	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
	a statement of the categories of documents that are held by HPRIDC or under its control	Immediately upon its development and/or its revision	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
	the particulars of any arrangement that exists for consultation with, or representation by, the members of the public in relation to the formulation of its policy or implementation thereof	Immediately upon their development and/or their revision	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
	a statement of the board, councils, committees and other bodies consisting of two or more persons constituted as its part or for the purpose of its advice, and as to whether meetings of those board, councils, committees and other bodies are open to the public, or the minutes of such meetings are accessible for public	Immediately upon their availability	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
	a directory of HPRIDC officers and employees	Immediately upon their availability	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
HPRIDC's General Information	the monthly remuneration received by	Monthly	HPRIDC's website;	PIO/APIO

Topic	Documents to be disclosed	Time & Frequency	Media	Responsibility
	each of its officers and employees, including the system of compensation as provided in its regulations		HPRIDC HQ and CMUs	
	the budget allocated, indicating the particulars of all plans, proposed expenditures and reports on disbursements made	Annually	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
	the manner of execution of subsidy programmes, including the amounts allocated and the details of beneficiaries of such programmes	Annually	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
	particulars of recipients of concessions, permits or authorisations granted by HPRIDC	Annually	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO
	details in respect of the information, available to or held by HPRIDC, reduced in an electronic form	Immediately upon their availability	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO; HPRIDC HQ and CMUs
	the particulars of facilities available to citizens for obtaining information, including the working hours of a library or reading room, if maintained for public use	Immediately upon their identification	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO; HPRIDC HQ and CMUs
	the name, designation and other particulars of the HPRIDC Information Officer	Once	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO; HPRIDC HQ and CMUs
	such other information as may be prescribed; and thereafter updating of these publications every year	Annually	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO; HPRIDC HQ and CMUs
HPRIDC's Policy Related Information	all relevant facts while formulating important policies or announcing the decisions which affect public	Immediately upon their availability	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO; HPRIDC HQ and CMUs
	reasons for HPRIDC's administrative or quasi-judicial decisions to affected persons	Immediately upon their availability	HPRIDC's website; HPRIDC HQ and CMUs	PIO/APIO; HPRIDC HQ and CMUs
Resettlement, Rehabilitation and Land Acquisition	Resettlement Action Plan (RAP)	Once in the entire project cycle. But to remain on the website and other disclosure locations throughout the	World Bank's Infoshop; HPRIDC's website; Deputy Commissioner's Office;	PIO/APIO, Social Consultant, World Bank

Topic	Documents to be disclosed	Time & Frequency	Media	Responsibility
		project period.	State and District Libraries; Tehsil and Panchayat offices; HPRIDC HQ and CMUs	
	Resettlement & Rehabilitation Policy translated in Hindi	Once in the entire project cycle.	Distributed among Project Affected Persons (PAP)	PIO/APIO, Social Consultant
	Information regarding impacts and their entitlements	Once at the start of the project and as and when demanded by the PAP.	Through one-to-one contact with PAPs; Group Discussion; List of PAPs with impacts and entitlements to be pasted in the Village Panchayat office and website of HPRIDC	PIO/APIO, HPRIDC HQ and CMUs
	R&R and Land Acquisition monthly progress report.	10th day of every month	Website of HPRIDC; HPRIDC HQ and CMUs	PIO/APIO, HPRIDC HQ and CMUs
	RAP Impact Assessment Report (x 2)	After substantial completion of each phase	HPRIDC's website	PIO/APIO, Social Consultant
	Land Acquisition notifications	As required under the Land Acquisition Act	HP Government Gazette; HPRIDC website	PIO/APIO, Social Consultant
	Grievance redressal process.	Continuous process throughout the project cycle	World Bank's Infoshop; HPRIDC's website; Deputy Commissioner's Office; Tehsil and Panchayat offices; HPRIDC HQ and CMUs; One to one contact with PAPs.	PIO/APIO, World Bank
Public Consultation	Minutes of Formal Public Consultation Meetings	Within two weeks of meeting	HPRIDC's website; Tehsil and Panchayat offices; HPRIDC HQ and CMUs	PIO/APIO, Consultant
Environment Management	Environmental Assessment and Management Plan. Summary in Hindi	Prior to awarding works and to remain on website until end of DLP	World Bank's Infoshop; HPRIDC's website; State and District Libraries; Construction site / campus; Info Kiosk; HPRIDC HQ and CMUs	PIO/APIO, Environmental Consultant, World Bank
Engineering	List of roads proposed to be undertaken,	Prior to awarding works and to	HPRIDC website;	PIO/APIO; HPRIDC HQ

Topic	Documents to be disclosed	Time & Frequency	Media	Responsibility
	clearly indicating start and end points of the contract.	remain on website until end of DLP	HPRIDC HQ and CMUs	and CMUs
	Proposed works / treatment giving details of widening, bypasses, junction improvement, drainage, traffic safety feature etc. Construction program with milestones and completion dates.			
	Proposed cross section and strip plan depicting major features.			
	Physical and financial progress of each contract. Work progress photographs	To be updated by the 10th of every quarter ending.		
Financial Management	Quarterly financial management report	To be updated by the 10th of every quarter ending.	HPRIDC website	PIO/APIO; Financial Management Officer
	Quarterly interim unaudited financial report	To be updated within 45 days of every quarter ending	HPRIDC website	
	Annual Audited Financial Statements	Annually, upon completion of Audit	HPRIDC website	
Procurement	Procurement plan	Annually	HPRIDC website	PIO/APIO
	Complaints mechanism	Once and updated from time to time	HPRIDC website.	PIO/APIO
	All GPN, SPN, NITs, EOIs, Bid Documents, RFPs, minutes of pre-bid conferences and addenda/corrigenda to bids	When required	HPRIDC website UNDB for GPN, SPN, EOI as appropriate for larger contracts National press for NIT EOI as appropriate for smaller contracts	PIO/APIO
	Award of Contract Details as stipulated in clause 2.60 of the Red Book and 2.28 of the Green Book	Within 2 weeks of award	HPRIDC website UNDB on line for larger contracts	PIO/APIO
Other	Core Network Maintenance Plan	Annually by February 28	HPRIDC website	PIO/APIO

Topic	Documents to be disclosed	Time & Frequency	Media	Responsibility
	Progress on institutional reforms and progress of TA consultancies	As and when appropriate	HPRIDC website	PIO/APIO
	Project Performance Indicators, Targets and Actual Figures	Annually	HPRIDC website	PIO/APIO
	User satisfaction surveys results.	Once every 2 years	HPRIDC website	PIO/APIO

* this list is not a final list; it is to be updated annually

13.2 Organizational Arrangements and Procedures

The HPRIDC will establish a system dealing with information disclosure.

Executive Engineer (Contract Management/Structures) has been appointed as a Public Information Officer (PIO) for HPRIDC, as per requirements of the RTI Act. The main responsibilities of PIO will include:

To ensure that all records duly catalogued and indexed in a manner and form which facilitates the right to information under this Act and all records are appropriate to be computerized are, within a reasonable time and subject to availability of resources, computerized and connected through a network all over the HPRIDC;

To ensure that as much information is provided *suo motu* to the public at regular intervals through various means of communications, including (but not limited to) internet, notice boards, newspapers, public announcements, media broadcasts, and any other means, so that the public have minimum resort to the use of this Act to obtain information;

To arrange dissemination of every information widely and in such form and manner which is easily accessible to the public;

To ensure that all materials are disseminated taking into consideration the cost effectiveness, local language and the most effective method of communication in that local area and the information is available free or at such cost of the medium or the print cost prices as may be prescribed;

To receive the applications for information or appeals under this Act for forwarding the same forthwith to the State Information Commissioner with a period of five days to provide a response;

To deal with requests from persons seeking information and render reasonable assistance to the persons seeking such information;

To provide the information as expeditiously as possible, and in any case within thirty days of the receipt of the request, based on the payment of such fee as may be prescribed or reject the request for any of the reasons specified in section 8 of the RTI Act (see below);

To ensure that PIO's name, postal and street address, phone and fax numbers, and, if any, electronic mail address are available on the website of HPRIDC for the general public to reach him/her with requests for information.

The current Information Officer of HPRIDC will act as the full-time Assistant Public Information Officer (APIO) at HPRIDC who will be responsible for directly managing information disclosure (including monthly updates of the HPRIDC website). APIOs will also be appointed in HPRIDC Contract Management Units by May 2007 to facilitate access to information for general public and accelerate response to its request for information. All information officers will be guided by a committee of experts from across the Government of Himachal Pradesh (to be set up under the RTI Act) which will include one senior representative from the HPRIDC.

In accordance with RTI Act (section 6(1)) Requests for information should be made in writing or through electronic means in English or Hindi, accompanying such fee as may be prescribed, and specifying the particulars of the information sought by the applicant. Provided that where such requests cannot be made in writing, PIO shall render all reasonable assistance to the person making the request orally to reduce the same in writing. Applicants shall not be asked to give a reason for requesting the information or any other personal details except for those that may be necessary to contact him or her.

As per RTI ACT (Section 8(1)) PIO may reject the request for any information and have no obligation to give any citizen the information:

Disclosure of which would prejudicially affect the sovereignty and integrity of India, the security, strategic, scientific or economic interests of the State, relation with foreign State or lead to incitement of an offence;

Which has been expressly forbidden to be published by any court of law or tribunal or which may constitute contempt of court;

The disclosure of which would cause a breach of privilege of Parliament or the State legislature;

Related to commercial confidence, trade secrets or intellectual property, the disclosure of which would harm the competitive position of a third party, unless the competent authority is satisfied that larger public interest warrants the disclosure of such information;

Available to a person in his fiduciary relationship, unless the competent authority is satisfied that larger public interest warrants the disclosure of such information;

Received in confidence from foreign Government;

The disclosure of which would endanger the life or physical safety of any person or identify the source of information or assistance given in confidence for law enforcement or security purposes;

Which would impede the process of investigation or apprehension or prosecution of offenders;

Related to cabinet papers including records of deliberations of the Council of Ministers, Secretaries and other officers;

Which relates to personal information the disclosure of which has no relationship to any public activity or interest, or which would cause unwarranted invasion of the privacy of the individual unless the PIO is satisfied that the larger public interest justifies the disclosure of such information.

As RTI Act (Section 10(1)) states where a request for access of information is rejected on the ground that it is in relation to information which is exempt from disclosure (see the paragraph above), then, access may be provided to that part of the record which does not contain any information which is exempt from disclosure under this Act and which can reasonably be severed from any part that contains exempt information.

13.3 Monitoring and Reporting

HPRIDC will provide to the Chief Information Officer of GOHP an annual report on the implementation of the provisions of the RTI Act and forward a copy thereof to Government of Himachal Pradesh and the Bank. As per RTI section 25(3) each report will contain:

the number of requests made to HPRIDC;

the number of decisions where applicants were not entitled to access to the documents pursuant to the requests, the provisions of this Act under which these decisions were made and the number of times such provisions were invoked;

the number of appeals referred to the Central Information Commission or State Information Commission, as the case may be, for review, the nature of appeals and the outcome of the appeals;

particulars of any disciplinary action taken against any officer in respect of the administration of this Act;

the amount of charges collected by HPRIDC under this Act;

any facts indicating an effort by HPRIDC to administer and implement the spirit and intention of this Act;

recommendations for reform, including recommendations in respect of HPRIDC, for the development, improvement, modernization, reform or amendment to this Act or other legislation or common law or any other matter relevant for operationalising the right to access to information.

The Bank will be involved in monitoring of implementation of the arrangements and particularly actions related to the Bank supported state roads project, through *inter alia*, the following:

Disclosure of information will be supervised mainly through: (a) checking the frequency and comprehensiveness of website updates, and (b) checking the distribution of materials to key participating civil society groups & Panchayats; and (c) checking the comprehensiveness of information available at Public information kiosks.

Functioning of the complaints handling system and the system of sanctions and remedies will be supervised mainly through: (a) periodic review of statistics based on records kept on the website of HPRIDC; and (b) field level checks to ensure that problems are being reported and acted upon.

13.4 Capacity Building and Public Awareness Campaign

To ensure that all staff understands requirements of the RTI Act and knows how to implement the disclosure policy developed under the Act, HPRIDC will develop training plans for their staff with assistance from national or state nodal institutions recommended by GOI or GOHP. These training plans will be included in the annual training plans of two organizations.

HPRIDC will participate in the state-wide public awareness campaign through development and organization of educational programs to advance understanding of the general public, in particular of disadvantaged communities and communities deprived of to internet access, on how they can fulfill their Right to Information contemplated in RTI 2005. This will be undertaken under through close collaboration with Himachal Pradesh Institute of Public Administration that arranges training of trainers who will further work with the public on this matter.

CHAPTER 14 – COMPLAINTS AND VIGILANCE

14. COMPLAINTS AND VIGILANCE

HPRIDC will establish a system dealing with external complaints on procurement, fraud/corruption and construction quality. This system will include maintaining a log and filing to monitor status of follow up of each received comments, suggestions and grievances. The implementation of the system will be monitored by Chief Vigilance Officer of the PWD (who shall act Vigilance Officer (VgO) for the HPRIDC). The mechanisms will include provision for follow up investigations of substantial complaints by Internal Auditors, or third party audit to ensure independency and reliability of the system.

For the complaint mechanism to function efficiently, the information concerning the alternative conduits for complaint (dedicated email address and physical mailing box) shall be widely publicized. Web-based campaigns, newspaper advertisements and displays on boardings at highly visible locations will encourage public to report information on any misconduct, misappropriation and grievances to the HPRIDC. Complaints, suggestions and grievances handling system will be included at HPRIDC website: <http://himachal.nic.in/hpridc/> An Information Officer who has been designated by HPRIDC as a full-time Assistant Public Information Officer under the RTI Act will be responsible for monthly updates of the system on the website.

If as a result of any such information provided by the member of the public, cost savings are achieved or charges of misconduct and misappropriation are proven, such members of the public will be awarded some recognition such as a certificate of excellence or felicitation at a public ceremony with or without a monetary reward. HPRIDC will formulate general policy in this regard and after due approvals of the GOHP, announce these to the public as aforementioned. Simultaneously strict disincentives will be announced for the erring members of the corporation. HPRIDC will establish the remedial actions and sanctions for cases of fraud and corruption that are reported and for which evidence is found and charges established after due process of investigation. This will include sanctions to HPRIDC or government staff proven to be involved in such cases.

Any entity that is found to have misused funds, or not effectively carried out key elements of the anti-corruption plan, may be excluded from subsequent participation in other works being carried out by the HPRIDC. Information regarding such cases, where lessons are learned and funds are retrieved, will be widely published for information of the members of public. Strict procedures to ensure anonymity of informants will be enforced.

Tracking of the status of investigations and measures taken will be reported in monthly reports to management. Complaints deemed possible serious infringements may be referred to the Vigilance Department of the Government of Himachal Pradesh for further investigations.

14.1 Responding to Procurement Complaints

Procurement related inquiries and complaints from suppliers, contractors or consultants may occur from time to time. Complaints require prompt, careful and consistent responses from the Chief Vigilance Officer of the HPPWD appointed by the Government of Himachal Pradesh (who shall act as Vigilance Officer (VgO) in the same capacity for the HPRIDC), HPRIDC staff and the GOHP if necessary.

General inquiries about HPRIDC procurement policy, procedures and guidelines are dealt with by the CE-cum-PD within 20 working days of receipt.

Complaints received directly from bidders relating to a specific procurement shall be in writing. They are to be received and then reviewed by SE (Works) cum Chief Vigilance Officer of HPPWD, and dealt with in the following way.

- i) The VgO shall record all complaints, whether they are referred from other recipients or directly, in a register to be maintained in a secure location in his own office. The email and physical address of the VgO is to be made public on the HPRIDC website and noted in all pre-bid and pre-proposal meetings
- ii) The VgO shall, within 5 working days of receipt of complaint, acknowledge receipt in writing to the complainant indicating that the HPRIDC is considering the issues raised and will discuss them with the concerned officers of the HPRIDC.
- iii) The VgO shall then consult with the relevant officers of the HPRIDC and, after thorough review of the documents in question as well as interviewing of officers concerned as necessary, shall make a judgment as to the validity of the complaint.
- iv) Within 20 working days, the VgO shall submit a report to the CE-cum-PD, HPRIDC with his own assessment as to the validity of the complaint and a clear recommendation on how any substantiated complaint should be remedied.
- v) In the event that any documents or decisions are changed as a result of the VO's recommendations, the CE-cum-PD must notify all prospective bidders on any changes in the bidding documents or bidding conditions within 5 working days of receipt of such recommendations from the VgO.
- vi) If the VgO receives the bidder's communication after the HPRIDC has submitted its evaluation report to the competent authority, the VgO ascertains whether the complaint was satisfactorily addressed in the report. If they were not, the VgO asks the HPRIDC to address the issues and resubmit its evaluation report within 20 working days before submitting such report to the competent authority. The VgO shall satisfy himself that the evaluation report has indeed adequately addressed the complaint.
- vii) If on the other hand the complaint is received after the successful bidder is notified of the contract award, the VgO responds to it in broad terms, without compromising the confidentiality of other bids and a copy of the correspondence is then sent to the HPRIDC. The Board shall then be consulted and shall determine, after consultation with appropriate legal counsel, as to how best to proceed.
- viii) In the event that the CE-cum-PD does not agree with the recommendations of the VgO, the case shall be referred to the MD, HPRIDC whose decision shall be final.
- ix) All complaints received in relation to procurement where the competent authority is the Board, must be reviewed by the MD, HPRIDC in addition to the VgO.
- x) The VgO shall write to all complainants within 40 working days of the receipt of such complaint as to the final decision of the competent authority.
- xi) If any complainants do not concur with the decision of the competent authority, they should be advised to approach the relevant Appellant Authorities under the RTI Act 2005.
- xii) In the event that a complaint is received concerning an externally funded contract, the relevant funding agency shall be informed at each stage of the complaint handling process.

14.2 Responding to Allegations of Fraud or Corruption

Fraud or corruption can manifest itself in many varied ways and HPRIDC operations are not expected to be immune. All staff and contractors should be alert for indicators that fraud or corruption may have occurred. These include suspicious or unexplained transactions, rumors of favored bidders, bid-rigging, the use of shell companies to mask interests or ownership, lax enforcement of procurement rules, and other suspicious circumstances.

Allegations received in writing by the State Government, VgO, or officer of the HPRIDC, shall be dealt as per rules and regulation of the State.

In the event that an allegation refers to fraud or corruption of bidders, the procedure prescribed above shall be followed. Where allegations are shown to be valid, sanctions shall be imposed as per the relevant GOHP instructions.

Individuals who choose to report allegations of fraud or corruption may remain anonymous or request that their identity not be disclosed outside of any investigating team. Note, however, that a full investigation of the circumstances complained is made significantly more difficult where the complainant remains anonymous, since it will not be possible to seek any clarifying information from the complainant.

In the event that an allegation is received concerning an externally funded contract, the relevant funding agency shall be informed at each stage of the complaint handling process.

14.3 Responding to Complaints on Construction Quality

Complaints received directly from the public relating to the quality of a specific work, good or service shall be in writing. They are to be received and then reviewed by CE-cum-PD or if applicable, Zonal Chief Engineer of HPPWD concerned and dealt with in the following way.

- i) The CE-cum-PD shall record all complaints, whether they are referred from other recipients or directly, in a register to be maintained in a secure location in his own office. The email and physical address of the CE-cum-PD is to be made public
- ii) The CE-cum-PD shall, within 5 working days of receipt of complaint, acknowledge receipt in writing to the complainant indicating that the HPRIDC is considering the issues raised and will discuss them with the concerned officers of the HPRIDC.
- iii) The CE-cum-PD shall then consult with the relevant officers of the HPRIDC and, after thorough review of the facts as well as interviewing of officers concerned as necessary, shall make a judgment as to the validity of the complaint.
- iv) Within 20 working days, the CE-cum-PD shall instruct the relevant officer to take remedial action as necessary.
- v) The CE-cum-PD shall write to the complainant within 30 working days of the receipt of such complaint as to the final decision of the competent authority.
- vi) In the event that a complaint is received concerning an externally funded contract, the relevant funding agency shall be informed at each stage of the complaint handling process.

CHAPTER 15 – CODE OF ETHICS

15. CODE OF ETHICS

The Board of Directors of HPRIDC recognises that the work of the road infrastructure development is critical to the achievement of sustainable development of society and the environment.

To be fully effective not only must all employees constantly improve their knowledge and skills, but also society must respect the integrity and trust the judgement of members of the profession and remunerate them fairly.

All officers and the staff of HPRIDC subscribe to and believe that the following principles are fundamental to the behaviour of the officers and staff if public/society is to have that necessary confidence in its working and functioning.

15.1 Responsibility to Society

The officers and staff shall:

- Accept the responsibility of the HPRIDC to public/society.
- Seek solutions that are compatible with the principles of sustainable development.
- At all times uphold the dignity, standing and reputation of the HPRIDC.

15.2 Competence

The officers and staff shall:

- Maintain knowledge and skills at levels consistent with development in technology, legislation and management, and apply due skill, care and diligence in the duties rendered.
- Perform duties only when competent to perform them.

15.3 Integrity

The officers and staff shall:

- Act at all times in the legitimate interest of the HPRIDC and carry out their duties with integrity and faithfulness.

15.4 Impartiality

The officers and staff shall:

- Be impartial in the performance of duties, professional advice, judgement or decision.
- Inform the management of any potential conflict of interest that might arise in the performance of duties.
- Not accept remuneration which prejudices independent judgement.

15.5 Fairness to others

The officers and staff shall:

- Neither carelessly nor intentionally do anything to injure the reputation of others.
- In the event of being asked to review the work of another, behave in accordance with appropriate conduct and courtesy.

15.6 Corruption

The officers and staff shall:

- Neither offer nor accept remuneration of any kind which in perception or in effect either a) seeks to influence the process of selection or compensation or b) seeks to affect the officer's impartial judgement.
- Co-operate fully with any legitimately constituted investigative body, which makes inquiry into the administration of any contract for works, goods, services or financial discipline.

15.7 Consequence of Mis-conduct

- In case of mis-conduct, the case shall be referred to the Anti-corruption Wing of the Vigilance Department of the State Government for action and/or disciplinary action shall be taken in accordance with Central Civil Service (Conduct) Rules.