

GENERAL CONDITIONS OF CONTRACT- CONSULTANCY



GAIL (INDIA) LIMITED

Rev. 0

ARTICLE 3.1: DEFINITIONS AND INTERPRETATIONS

In this Document, as hereunder defined, the following terms and expressions shall have the meaning hereby assigned to them except where the context otherwise requires:

AGREEMENT means the agreement concluded on non-judicial stamp paper between GAIL and Consultant for Services as per this Bid document.

GAIL/OWNER shall mean GAIL (India) Limited

GAIL'S REPRESENTATIVE means the person appointed or authorized from time to time by GAIL for execution of the contract.

CONSULTANT'S REPRESENTATIVE means the person appointed from time to time by CONSULTANT for execution of the Contract.

ENGINEER-IN-CHARGE/EXECUTIVE-IN-CHARGE shall mean the person designated from time to time by the GAIL and shall include those who are expressly authorized by him to act for and on his behalf for operation of this CONTRACT.

SIGN OFF means a recorded statement for completion of a milestone/major activity by Consultant as envisaged in this document and accepted by GAIL.

CONTRACT shall mean Letter of Acceptance and all attached exhibits and document referred to therein and all terms and conditions thereof together with any subsequent modifications thereto.

SERVICES mean the duties to be performed and the services to be rendered by Consultant according to the terms and conditions of the Contract.

HEADINGS the headings appearing herein are for convenience only and shall not be taken in consideration in the interpretation or construction of the Contract.

SINGULAR AND PLURAL WORDS importing the singular only also include the plural and vice-versa where the context requires.

ARTICLE 3.2: PERFORMANCE OF DUTIES AND SERVICES BY CONSULTANT

3.2.1 Consultant shall perform its Services in full accordance with the terms and conditions of the Contract and any applicable local laws and regulations and shall exercise all reasonable professional skill, care and diligence in the discharge of said Project work. Consultant shall in all professional matters act as a faithful advisor to GAIL, and will provide all the expert commercial/technical advice and skills which are normally required for the class of Services for which it is engaged.

Consultant, its staff, employees shall carry out all its responsibilities in accordance with the best professional standards.

Consultant shall prepare and submit documents /reports etc. in due time and in accordance with the Tender Conditions.

3.2.2 Consultant will maintain for the performance of the Contract, personnel as determined to be responsible for carrying out this job and such persons shall not be replaced or substituted without written approval of GAIL.

ARTICLE 3.3: GAIL'S REPRESENTATIVE

3.3.1 GAIL shall nominate its Representative(s) who shall be entitled to act on behalf of GAIL with respect to any decision it is empowered to make. The bill / invoice of Consultant will be certified for payment by such representatives.

ARTICLE 3.4: CONSULTANT'S REPRESENTATIVE

3.4.1 Consultant shall nominate a qualified and experienced person as its Representative who will be the contact person between GAIL and Consultant for the performance of the Contract. This nomination shall be done within ten (10) days after the coming into force of the Contract. Consultant shall notify GAIL in writing prior to the appointment of a new representative. Consultant's Representative may be replaced only with GAIL's consent after getting approved his CV's from GAIL.

GAIL shall be at liberty to object to any nomination and to require Consultant to remove Consultant's representative for good causes. Consultant shall replace immediately such person by competent substitute at no extra cost to GAIL.

3.4.2 Consultant's Representative shall be entitled to act on behalf of Consultant with respect to any decisions to be made under the Contract.

ARTICLE 3.5: PAYMENT TERMS

3.5.1 GAIL shall pay for the services rendered as per stipulation in the tender through E-Banking only (through ICICI Bank, HDFC Bank or State Bank of India). All Bank charges of consultant's Bankers shall be to the consultant's account.

3.5.2 Consultant will invoice GAIL according to the terms and conditions provided in the tender.

3.5.3 Payment terms will be as follows:

3.5.3.1 **For all consultancy jobs for preparation of reports**, payment terms will be as follows:

- 60 % on submission & acceptance of Draft report.

Where outsourcing will be required, payment will be released on the basis of Milestones achieved within 60% such as submission of report for market survey, etc. The payment for such milestones will be restricted to actual payment made to outsourced agency/ies subject to 40% within 60% limit.

- 40% on submission & acceptance of final report.

Where EMP/EIA/RRA is involved, the 40% payment will be divided as follows:-

- 20% on submission and acceptance of final DFR/Report
- 20% on submission and acceptance of EMP/EIA/RRA

If acceptance is not conveyed within 30 days, it will be presumed to be accepted.

3.5.3.2 **For Acquisition/Due diligence consultancy cases**; the payment terms will be as follows:

Stages	Payment (%age of lumpsum price)
a) On submission and acceptance of draft report	40%

- | | |
|--|-----|
| b) On submission and acceptance of Final report by GAIL | 20% |
| c) On formulation and submission of Bid | 15% |
| d) On negotiations, deal finalization and deal execution | 25% |

If acceptance is not conveyed within 30 days, it will be presumed to be accepted.

GAIL reserves the right to enter into the next Stage or terminate the contract at the completion of the previous Stage as indicated above and submission of all the deliverables pertaining to the Stage completed. In such case the payment to the Consultant shall be restricted to payments payable for the Stage completed as indicated above.

3.5.3.3 FOR PMC JOBS/ PROJECT QUALITY CONSULTANTS, payment terms shall be as follows :

- | | |
|---|-----|
| - On completion of Milestones against each activity of Project as identified in the scope of work progressively based on Fortnightly invoices | 95% |
| - After close out of Project on completion of job in all respects | 5% |

3.5.3.4 For Back-up Consultants for Project Monitoring and for Third Party Inspection Services, payment will be based on Manday Rate (per diem)

3.5.4 In case of disputes concerning invoice(s), GAIL shall return said invoice(s) to Consultant within fifteen (15) days from its/their receipt specifying in writing the reasons for its / their rejection.

- GAIL shall pay the undisputed amount of the invoice(s) according to Article - 3.5.3 hereof.
- The disputed amount, if any, shall be paid after mutual settlement between GAIL and Consultant.
- Total or partial rejection of the invoice(s) shall not release Consultant from any of its obligations under the Contract.

ARTICLE 3.6: PERFORMANCE GUARANTEE

3.6.1 Consultant shall submit to GAIL an unconditional, irrevocable and on first demand guarantee from any Indian scheduled bank or a branch of an International bank situated in India and registered with Reserve Bank of India as scheduled foreign bank. However, other than the Nationalized Indian Banks, the banks whose BGs are furnished, must be commercial banks having net worth in excess of Rs. 100 Crores and a declaration to this effect should be made by such commercial bank either in the bank guarantee itself or separately on a letter head.

The value of Contract Performance Guarantee shall be 5% of contract value for the due performance of the Contract. The Contract Performance Guarantee shall be valid for a period of three months beyond the guarantee/warranty period of the contract. The format of performance guarantee is annexed in tender document. All expenses incurred in obtaining of such guarantee shall be borne by Consultant.

3.6.21 In case of extension of completion period, Consultant shall be required to extend the performance guarantee for an appropriate period of time as per contractual requirements.

ARTICLE 3.7: CONFIDENTIALITY

- 3.7.1 Consultant/GAIL shall treat all matters in connection with the Contract as strictly confidential and undertakes not to disclose, in any way, information, documents, technical data, experience and know-how given to him by GAIL/Consultant without the prior written consent of the latter.
- 3.7.2 Consultant further undertakes to limit the access to confidential information to those of its employees, Implementation Partners who reasonably require the same for the proper performance of the Contract provided however that Consultant shall ensure that each of them has been informed of the confidential nature of the confidentiality and non-disclosure provided for hereof.

ARTICLE 3.8: TAXES AND DUTIES

- 3.8.1 Consultant shall pay any and all taxes including service tax, duties, levies etc. which are payable in relation to the performance of the Contract. The quoted price shall be inclusive of all such taxes and duties.
- 3.8.2 Statutory variation in taxes (CST, LST, WCT, withholding tax, service tax etc.) and duties, if any, within the contractual completion period shall be borne by GAIL. No variation in taxes duties or levies other than statutory taxes & duties shall be payable.
- 3.8.3 Consultant will not claim from GAIL any taxes paid by him.
- 3.8.4 GAIL shall deduct Income tax at source at applicable rates.

ARTICLE 3.9: RESOLUTION OF DISPUTES / ARBITRATION

- 3.9.1 GAIL and Consultant shall make every effort to resolve amicably by direct informal negotiations any disagreement or dispute arising between them under or in connection with the Contract.
- 3.9.2 All disputes, controversies, or claims between the parties (except in matters where the decision of the Executive/Engineer-in-Charge is deemed to be final and binding) which cannot be mutually resolved within a reasonable time shall be referred to Arbitration by sole arbitrator.

GAIL shall suggest a panel of three independent and distinguished persons to the other party (Consultant) to select any one among them to act as the sole Arbitrator.

In the event of failure of the other party to select the Sole Arbitrator within 30 days from the receipt of the communication suggesting the panel of arbitrators, the right of selection of sole Arbitrator by the other party shall stand forfeited and GAIL shall have discretion to proceed with the appointment of the sole Arbitrator. The decision of the GAIL on the appointment of Sole Arbitrator shall be final and binding on the parties.

The award of the Sole Arbitrator shall be final and binding on the parties and unless directed/awarded otherwise by the Sole Arbitrator, the cost of arbitration proceedings shall be shared equally by the PARTIES. The arbitration proceeding shall be in English language and the venue shall be at New Delhi, India.

Subject to the above, the provisions of (Indian) Arbitration & Conciliation Act, 1996 and the rules framed there-under shall be applicable. All matters relating to this contract are subject to the exclusive jurisdiction of the Courts situated in the State of Delhi (India).

- 3.9.3 Consultant may please note that the Arbitration & Conciliation Act 1996 was enacted by the Indian Parliament and is based on United Nations Commission on International Trade Law (UNCITRAL model law), which were prepared after extensive consultation

with Arbitral Institutions and centers of International Commercial Arbitration. The United Nations General Assembly vide resolution 31/98 adopted the UNCITRAL Arbitration rules on 15 December 1976.

ARTICLE 3.10: LEGAL CONSTRUCTION

3.10.1 Subject to the provisions of this Article, the Contract shall be, in all respects, constructed and operated as an Indian Contract and in accordance with Indian Laws as in force for the time being and is subject to and referred to the Court of Law situated at New Delhi.

ARTICLE 3.11: SUSPENSION OF THE PERFORMANCE OF DUTIES AND SERVICES

3.11.1 GAIL may suspend in whole or in part – the performance of services of Consultants any time upon giving not less than fifteen (15) days notice.

3.11.2 Upon notice of suspension, Consultant shall suspend immediately the services and reduce expenditure to a minimum to be agreed upon by both the parties.

3.11.3 Upon suspension of the performance of services, Consultant shall be entitled to reimbursement of the costs which shall have been actually incurred prior to the date of such suspension. However, the total reimbursement shall be restricted to contract price.

3.11.4 By fifteen days prior notice, GAIL may request Consultant to resume the performance of the services, without any additional cost to GAIL.

3.11.5 In case of suspension of work by consultant on GAIL's request for more than 10 days, demobilization and remobilization charges will be paid to consultant as per Schedule of Rates.

3.11.6 If the suspension of the duties and services exceeds six months, either party shall be entitled to terminate contract according to Article 3.16 hereunder.

ARTICLE 3.12: PRICE REDUCTION SCHEDULE (PRS)

3.12.1 In case Consultant fails to complete the services within stipulated period then unless such failure is due to force majeure as defined in Article 3.19 hereinafter or due to GAIL's default, there will be a reduction in contract price @ 1/2% for each week of delay or part thereof subject to maximum of 5 % of contract price.

3.12.2 GAIL may without prejudice to any methods of recovery, deduct the amount of such PRS from any money due or which may at any time become due to Consultant from its obligations and liabilities under the contract or by recovery against the Performance Bank Guarantee. Both Consultant and GAIL agree that the above percentage of price reduction are genuine pre-estimates of the loss/damage which GAIL would have suffered on account of delay/ breach on the part of Consultant and the said amount will be payable on demand without there being any proof of the actual loss/or damage caused by such breach/delay. A decision of GAIL in the matter of applicability of price reduction shall be final and binding.

ARTICLE 3.13: ASSIGNMENT

Consultant shall not have the right to assign or transfer the benefit and obligations of the contract or any part thereof to the third party without the prior express approval in writing of GAIL which it shall do at its discretion. However, in event of that all legal/contractual obligations shall be binding on Consultant only.

ARTICLE 3.14: INDUSTRIAL AND INTELLECTUAL PROPERTY

- 3.14.1 In order to perform the services, Consultant must obtain at its sole account, the necessary assignments, permits and authorizations from the titleholder of the corresponding patents, models, trademarks, names or other protected rights and shall keep GAIL harmless and indemnify GAIL from and against claims, proceedings, damages, costs and expenses (including but not limited to legal costs) for and/or on account of infringements of said patents, models, trademarks names or other protected rights.
- 3.14.2 All documents, report, information, data etc. collected and prepared by Consultant in connection with the scope of work submitted to GAIL will be property of GAIL.
- 3.14.3 Consultant shall not be entitled either directly or indirectly to make use of the documents, reports given by GAIL for carrying out of any services with any third parties.
- 3.14.4 Consultant shall not without the prior written consent of GAIL be entitled to publish studies or descriptive article with or without illustrations or data in respect of or in connection with the performance of services.

ARTICLE 3.15: LIABILITIES

- 3.15.1 Without prejudice to any express provision in the contract, Consultant shall be solely responsible for any delay, lack of performance, breach of agreement and/or any default under this contract.
- 3.15.2 Consultant shall remain liable for any damages due to its gross negligence within the next 12 months after the issuance of the provisional acceptance certificate of the contract.
- 3.15.3 The amount of liability will be limited to 10% of the contract value.

ARTICLE 3.16: TERMINATION OF CONTRACT

3.16.1 Termination for Default

GAIL reserves its right to terminate / short close the contract, without prejudice to any other remedy for breach of CONTRACT, by giving one month notice if Consultant fails to perform any obligation(s) under the CONTRACT and if Consultant, does not cure his failure within a period of 30 days (or such longer period as GAIL may authorise in writing) after receipt of the default notice from GAIL.

3.16.2 Termination for Insolvency

GAIL may at any time terminate the CONTRACT by giving written notice without compensation to Consultant, if Consultant becomes bankrupt or otherwise insolvent, provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to GAIL.

3.16.3 Termination for convenience

GAIL may by written notice sent to consultant, terminate the contract, in whole or part, at any time for its convenience. However, the payment shall be released to the extent to which performance of work executed as determined by GAIL till the date upon which such termination becomes effective.

ARTICLE 3.17: MODIFICATION

Any modification of or addition to the contract shall not be binding unless made in writing and agreed by both the parties.

ARTICLE 3.18: CONTRACT/AGREEMENT

The notification of award along with agreement on non judicial stamp paper of appropriate value as per proforma annexed within 10 days from the date of receipt of LOI, the cost of stamp paper is to be borne by Consultant, and its enclosures shall constitute the contract between the parties and supersedes all other prior agreements, arrangements and communications, whether oral or written, between the parties relating to the subject matter hereof.

ARTICLE 3.19: FORCE MAJEURE

Shall mean and be limited to the following:

- a) War/hostilities
- b) Riot or Civil commotion
- c) Earthquake, flood, tempest, lightening or other natural physical disaster.
- d) Restrictions imposed by the Government or other statutory bodies which prevents or delays the execution of the Contract by Consultant.

CONSULTANT shall advise GAIL by a registered letter duly certified by the local Chamber of Commerce or statutory authorities, the beginning and end of the above causes of delay within seven (7) days of the occurrence and cessation of such Force Majeure Conditions. In the event of delay lasting over one month, if arising out of causes of Force Majeure, GAIL reserves the right to cancel the Contract and the provisions governing termination stated under Article 3.16 shall apply.

For delays arising out of Force Majeure, Consultant shall not claim extension in completion date for a period exceeding the period of delay attributable to the causes of Force Majeure and neither GAIL nor Consultant shall be liable to pay extra costs provided it is mutually established that Force Majeure Conditions did actually exist.

Consultant shall categorically specify the extent of Force Majeure Conditions prevalent in their works at the time of submitting their bid and whether the same have been taken into consideration or not in their quotations. In the event of any force majeure cause, Consultant or the GAIL shall not be liable for delays in performing their obligations under this order and the completion dates will be extended to Consultant without being subject to price reduction for delayed completion, as stated elsewhere.

ARTICLE – 3.20: Rectification Period

All services shall be rendered strictly in accordance with the terms and conditions stated in the Contract.

No deviation from such conditions shall be made without GAIL'S agreement in writing which must be obtained before any work against the order is commenced. All services rendered by Consultant pursuant to the Contract (irrespective of whether engineering, design data or other information has been furnished, reviewed or approved by GAIL) are guaranteed to be of the best quality of their respective kinds.

Consultant shall rectify at his own cost any mistake in assumption of any data in the study or use of wrong data or faulty study observed within twelve months of the acceptance of his report and will submit the rectified report incorporating the changes wherever applicable within 30 days of observance of mistake.

ARTICLE – 3.21: Sub Contract

Any sub contract to be made by the CONSULTANT relating to the services shall be made only to such extent and with such duly qualified specialists and entities as shall be approved in writing in advance by GAIL. Upon the request of GAIL, the consultant shall

submit for GAIL's prior approval, the terms of reference or any amendment thereof for such sub contractor's SERVICES. Notwithstanding such approval, the consultant shall remain fully responsible for the performance of services under the CONTRACT.

ARTICLE – 3.22: Notices

3.22.1 Any notice given by one party to the other pursuant to the CONTRACT shall be sent in writing or by telegram or fax, telex/cable confirmed in writing.

3.22.2 A notice shall be effective when delivered or on the notice's effective date, whichever is later.

ARTICLE – 3.23: Acquisition of Data

If required, CONSULTANT shall be responsible for carrying out any surveys and acquisition of all data from necessary sources. GAIL, if requested in writing by CONSULTANT, may assist the consultant in the said acquisition by way of issue of recommendatory letters only. All requisite clearances, co-ordination, fees, charges, etc. and compliance to the local laws required for completion of the job shall be the responsibility of the CONSULTANT.

Contract Agreement Form

AGREEMENT for “_____” (hereinafter called the "Job") made on _____ day of _____, 2003 between M/s _____, hereinafter called the “CONSULTANT” (which term shall unless excluded by or repugnant to the subject or context include its successors and permitted assignees) of the one part and the GAIL (India) Limited hereinafter called “GAIL” (which term shall unless excluded by or repugnant to the subject or context include its successors and assignees) of the other part.

WHEREAS

GAIL being desirous of having provided for execution of certain work mentioned, enumerated or referred to in the LOA including Completion Schedule of job has called for proposal.

- A. The CONSULTANT has examined the Job specified in Bid Document of GAIL and has satisfied himself by careful examination before submitting his proposal as to the nature of the Job and local conditions, the nature and magnitude of the Job, the availability of manpower and materials necessary for the execution of Job and has made local and independent enquiries and obtained complete information as to the matters and thing referred to, or implied in LOA or having any connection therewith and has considered the nature and extent of all probable and possible situations, delays, hindrances or interference's to or with the execution and completion of the Job to be carried out under the Agreement, and has examined and considered all other matters, conditions and things and probable and possible contingencies, and generally all matters incidental thereto and auxiliary thereof affecting the completion of the Job and which might have included him in making his proposal.
- B. The LOA including Completion Schedule of Job and Letter of Acceptance of proposal form part of this Agreement though separately set out herein and are included in the expression Agreement wherever herein used.

AND WHEREAS

GAIL accepted the bid of the CONSULTANT for the provision and the execution of the said Job at the values stated in bid and finally approved by GAIL upon the terms and subject to the conditions of Agreement.

NOW THIS AGREEMENT WITNESSETH AND IT IS HEREBY AGREED AND DECLARED AS FOLLOWS :

1. In consideration of the payment to be made to the CONSULTANT for the Job to be executed by him the CONTRACTOR hereby covenants with GAIL that the CONSULTANT shall and will duly provide, execute and complete the said Job and shall do and perform all other acts and things in the Agreement mentioned or described or which are to be implied there from or may be reasonably necessary for the completion of the said Job and at the said times and in the manner and subject to the terms and conditions or stipulations mentioned in the Agreement.
2. In consideration of the due provision execution and completion of the said Job, GAIL does hereby agree with the Agreement that GAIL will pay to the CONSULTANT the respective amounts for the Job actually done by him and approved by GAIL at the amount specified in this LOA, such payment to be made at such time in such manner as provided for in the Agreement and LOA.

In witness whereof the parties have executed these presents in the day and the year first above written.

Signed and Delivered for
and on behalf of **GAIL**
M/s GAIL (India) Limited

Date : _____
: _____

Place: _____
Place: _____

Signed and Delivered for
and on behalf of

M/s _____

Date

IN PRESENCE OF TWO WITNESSES

1. _____

2. _____

1. _____

2. _____