

CHAPTER 6

6. CONSTRUCTION AND INFRASTRUCTURE DEVELOPMENT

6.1 Assignments under the construction and infrastructure Development are classified as under:

- (a) Original Works
 - (i) All types of construction.
 - (ii) All types of additions/alterations etc.
 - (iii) Major Replacement/Re-modeling etc.
- (b) Repairs and maintenance work.
- (c) Development of Economic Infrastructure such as Power, Port, Railway, Aviation etc.
- (d) Development of Real Estates such as Housing, Shopping Complex, Mall etc.

6.2 Stages for execution of works:

6.2.1 Procurement of business:-

- (i) NCCF on its own or with the help of Business Associate, if any, already registered for the purpose or any such other agency for the purpose registered or unregistered shall strive to get the work either on the nomination basis or through tender;
- (ii) Submission of tentative estimate etc;
- (iii) Obtaining necessary approval from the vendor awarding the business;
- (iv) Availability of funds.

6.2.2 No work should normally commence or any liability thereon incurred until a firm order with commitment of funds has been obtained from the vendor.

6.2.3 The Branch or its Business Associate shall not undertake the work until the requisite formalities of administrative approval, expenditure sanction, technical sanction and availability of funds etc. have been accorded by the vendor as per their norms.

6.2.4 In an emergent case if the work has to be carried pending receipt of formal approval/sanction, the reasons be recorded and intimated to the concerned authority in advance.

6.3 Material deviation over the original sanction.

6.3.1 Material deviation from the original sanction of work should not be made without the approval of the authority that awarded the work.

6.3.2 Excess over administrative sanction/sanctioned estimate should not be undertaken without the approval of vendor.

6.4 Technical Sanction

The technical sanction is to be given by the allocating authority/vendor having given order provided this has not been given to NCCF or its Business Associate in the work order explicitly. The Branch and its business associate shall observe norms fixed by the agency awarding the work.

6.5 Construction stages

6.5.1 Pre-construction stage.

The Branch in consultation with its Engineer and/or Empanelled Chartered Engineering Firm (CEF and/or Business Associate shall observe the formality of getting the requisition from the vendor, preparation of sites, soil data, feasibility of different services such as water supply, drainage, sewerage etc., approval of the unit plan, structure, design\any other requirement of business and other such requisites as per the norms of the vendor.

6.5.2 Construction Stage

Execution of work, contract management, completion of work, all types all statutory testing and commissioning, statutory clearance from local body\other such agency etc., so desired in the work order and settlement of accounts etc.

6.6 Stages of work

6.6.1 Branch in consultation with Business Associates shall keep the vendor informed at regular intervals about stages of progress of work to ensure the vendor's observations, if any, and to respond accordingly before the work is completed.

6.6.2 On completion of the work, the Branch in consultation with Business Associate shall intimate the same to the vendor in writing.

6.6.3 The Branch in consultation with Business Associates and after vetting the same through its technical wing shall settle the accounts in a format, if any, prescribed by the vendor.

6.7 Preparation of Estimate

6.7.1 Preliminary Estimate

On the demand of the vendor, the Business Associate shall prepare the preliminary estimates based on the preliminary survey and after procuring the preliminary data will prepare the drawings and as far as possible shall get it vetted by the Chartered Engineering Firm (CEF) and forward it to the Branch for onward submission to vendor and if it is not vetted, it shall be done at the earliest possible and shall be informed to the vendor about the correction if any suggested by the CEF. If the time available for its submission is too short to allow vetting, it shall be prepared as per norms and the current schedule of the vendor.

6.7.2 Detailed Estimate and drawings.

- (i) Designs should be taken up only after obtaining an assurance from the vendor sponsoring the proposal that the site is available without any encumbrance and shall be made available for construction within a reasonable time.
- (ii) The preparation of detailed estimate should be carried out by Business Associates and should be duly vetted by the Chartered Engineering Firm under the supervision of engineer(s) of NCCF as per the norms and as per schedule of rates of vendor for the items of work carried by it and by analyzed market rates for the remaining rate alongwith brief note on the special construction requirements, if any, likely to be executed during construction stage. The detailed estimate, so prepared should include the contingency, unforeseen expenditure during the construction

stage as per the norms of vendor and should include all the components of project.

6.8 Execution of Work

- 6.8.1 On getting all the administrative and statutory clearance from the vendor, the Branch through its business associate shall undertake and start the execution of work. It shall ensure that all the statutory clearances are in place, which are mandatorily required before starting the work.
- 6.8.2 It is incumbent upon the officer of NCCF detailed for the purpose by Branch/HO to inspect the physical progress of work frequently. Besides, him, the Engineer, Branch Manager, the technical staff of Business Associate as well as the staff of Chartered Engineering Firm shall undertake inspection from time to time for ensuring the adherence to the norms of the work as well as quality.
- 6.8.3 The Branch Manager in consultation with Engineer of NCCF/CEF and Business Associate shall draw up the detailed milestone, roadmap, PART Chart and quarterly programme for execution of all works.
- 6.8.4 It shall be incumbent upon the Engineer/Chartered Engineering Firm to ensure the issue of inspection note/instructions. The Engineer, CEF and the Business Associate shall be responsible for various check measurements for all items of work as well as adherence to the quality, quantity and dimensional accuracy of the work.

6.9 Specialized items or proprietary items

6.9.1 All such items, which are not covered under the schedule of rates, the following procedure shall be followed for their determination of rates:

- (i) The Branch Manager shall constitute a committee of officers under him to finalize the rates.
- (ii) The rates of such items given by Business Associate will be considered alongwith the rates collected through market intelligence for similar such items as prescribed in the requirement of the vendor by the Branch Office independently.
- (iii) Based on the rates received from different sources, the reasonable and competitive rates shall be finalized for such samples.

6.10 Work Accounts

6.10.1 The expenditure on the construction of work shall be borne by the Business Associate and such expenditure shall be maintained in such format, as desired/prescribed by the vendor, if any;

6.10.2 A master roll etc. should be maintained as per the norms of the Labour Department/Vendor etc. as required by the Statutory Authority for the purpose.

6.10.3 Writing and maintenance of Measurement Book and of the Registers shall be done by Business Associate in accordance with the procedure, if any, prescribed by the vendor/statute.

6.11 Preparation and passing of bills of payment

6.11.1 The Business Associate will prepare the bill in the format at the interval prescribed by the vendor, if any, and submit the same through the Branch to the designated officer of the vendor department/agency.

6.11.2 Payment of Bill:

- (i) Subject to the receipt of advance from the vendor, the Branch shall make payment against the bill after getting it vetted by the CEF/Engineer as per the terms of contract. If it has received any advance from Branch, the same will be adjusted as per the terms & conditions of such advance.
- (ii) If the contract is determined or on account payment is to be made, when the contract is in the run, a part rate as considered reasonable shall be allowed with due regard to the work remaining to be done provided advance funds from the vendor are available with the Branch.
- (iii) In case the Branch has not received any advance from the vendor, the Branch shall forward the same after getting it vetted from Chartered Engineers Firm (CEF) for its reimbursement from the vendor;
- (iv) The Branch shall make the recoveries in case the work done is found to be less than advance, if any, given to the Business Associate.
- (v) Payment for the work done or supplies made on running amount should be made periodically on submission of the vetted bills by the Business Associate.

6.12 Documentation of Accounts.

The Business Associates shall maintain the Bill Register for different items etc., if so, mandatorily to be maintained as per norms of the Vendor.

6.13 Extra/Substituted and Deviated items of work.

6.13.1 Deviation means the deviation in quantity of items i.e. increase or decrease in the quantities of items of works stipulated in the work order/agreement.

6.13.2 Extra Substituted items:

(i) Extra Items are those which are completely new and are in addition to the items as contained in the work contract.

(ii) Substituted items are those which are taken with partial modification or in lieu of items of work in the work order/contract.

6.13.3 The Branch in consultation with Business Associates shall seek the required sanction of the vendor that are necessary before undertaking such deviation of extra/substituted items in the work.

6.13.4 The Branch/Business Associates shall accordingly raise bill on the vendor for all above works at the rate prevailing in the market at the time of commencement of execution of these items as per procedures prescribed by the Vendor.

6.14 Inspection Register:

The Business Associate shall maintain one Inspection register and the observation made in this register by Vendor/Engineer of NCCF,

Staff of Branch and CEF shall be attended to within scope of work of the contract.

6.15 Management of materials

6.15.1 In all the work orders where the Vendor is not providing steel and cement or such other material, the Business Associates shall arrange the same as per the norms and procedures, if any, prescribed for the purpose by the vendor or shall arrange on its own if no such arrangement is made by the vendor.

6.15.2 The procedure as given above shall apply for the use of tools and plant.

6.16 Extension of time and Compensation for Delay

6.16.1 The Business Associates shall be responsible for timely completion of works as per the work order.

6.16.2 The factor/hindrances affecting the progress, if any, required to be accounted for extension of time shall be identified, recorded and discussed with the vendor for remedial measures to be taken.

6.16.3 An extension of time is generally granted by the allocating authority for genuine hindrances. The Business Associate through Branch, therefore, should get it re-scheduled and submit the milestone properly before the vendor for its approval for the completion of such works.

6.16.4 The Business Associate in consultation with the Branch shall be responsible for timely submission of application before the vendor for extension of time and have its approval from them, giving the reasons and hindrances creating exigency for such extension.

6.16.5 While taking the extension of time, the Business Associates will work out the demand for compensation/escalation in the cost, if any, as per the norms and procedure prescribed by the vendor for sanction of the same from them.

6.17 Advance Payment

Subject to availability of advance from the vendor, following advances can be given by the Branch:

6.17.1 Mobilization Funds

On demand from the Business Associate, the mobilization fund at the Rate of fifteen percent(15%) of the first installment received from the Vendor, can be given to the Business Associate against bank guarantee or collateral security on the basis of the networth of the proprietor or Director (s) of the business associate, duly certified by the Firm of Chartered Engineers. The adjustment of advance shall be made by the Branch Office at the rate of 7.5 percent of each bill.

6.17.2 Advance payment for work done and measured:

(i) Advance payment to Business Associate against on account bills received, may be made by the Branch on receipt of an application from the Business Associate for financial aid in the shape of part payment provided advance funds are available with the Branch, against work done.

(ii) The request for advance payment should be recommended by the concerned Chartered Engineers Firm and checked by the Branch Accounts Incharge and supported by the Engineer.

(iii) The amount of advance should not exceed 75% of the net amount of the bill under check.

(iv) Before making such payment, an undertaking should be obtained from the Business Associate to the extent that should the amount of advance paid to him is subsequently found to be more than the amount of running account bill in respect of which the advance was paid, he will refund to the Branch the amount overpaid. The Branch shall ensure that the advance is adjusted when payment is made on the running account bill in respect of which it was made and any overpayment which may occur. A record of advance authorized by the Engineer of Branch/CEF shall be kept with Accounts Section in a separate register for adjustment.

6.17.3 Advance Payment for work done but not measured:

(i) Such advance payment be made in case of real necessity when it is essential to do so in the interest of progress of work & for adhering to the time schedule.

(ii) Such advance payment of work actually executed, may be made on the recommendation of Chartered Engineer Firm/Engineer of Branch.

(iii) If a second advance has been provided to Business Associate on the security of any materials and such materials have been issued to the Business Associates of an item/the amount of the advance payment for that item should not exceed a sum equivalent to the value of work done less the proportionate

amount of secured advance ultimately recoverable on account of the materials used.

(iv) Such work, for which advance payment authorized for work not actually measured, must immediately be followed by detailed measurement within a month at the most and the bill for the same must be submitted and be examined.

(v) The grant of 2nd advance before the first grant has been recovered, shall not be permitted.

6.17.4 Advance payment to private firm/autonomous bodies for commissioning, analyzing and testing of materials:

If so desired as per the work order for this kind of work, payment may be made to an enlisted laboratory (such laboratory prescribed or approved by vendor).

6.17.5 Secured Advance

(i) Secured advance for the materials brought to site, may be made to the Business Associate for items which are to be used in work.

(ii) Such secured advance may be made up to 75 percent of the value of the material, as assessed by the Firm of Chartered Engineers/Engineer of the Branch or an amount not exceeded 75 percent of the material element cost in the approved rate of finished items of work, whichever is lower.

(iii) Such an advance should be made only

(a) when the materials have actually been brought to the site;

(b) the quality of materials is as per specifications.

(iv) Recovery of such advance be made from the bills of Business Associate for work done and the materials used. Necessary deduction be made for the items of work for which these were used and billed for.

(v) Secured advance shall be granted only for non-perishable items. It may however be granted for perishable items also provided Business Associate indemnifies the Branch through insurance cover/bank guarantee in favour of NCCF.

6.17.6 Leasing of Equipments

Leasing of equipments shall be considered at par with purchase of equipments and shall be governed by the tripartite agreement with the following:

(i) Leasing Company, (ii) Branch; (iii) Business Associate.

6.17.7 Hypothecation of Equipments

(i) All such plants & machinery, for which payment of advance is requested by the business associate, shall be hypothecated to the Branch before the payment of advance is released;

(ii) The Business Associate shall not be permitted to remove from the site such hypothecated plant and machinery without the prior written permission of the Branch;

(iii) The Business Associate shall be responsible for maintenance of such plant & machinery in good working condition during the entire period of hypothecation, failing which such advance shall be recovered in lump sum.

6.17.8 Insurance of Equipments

- (i) The Business Associate shall insure at his cost, the plant & machinery, for which mobilization advance is sought and given, for a sum sufficient to provide for their replacement at site.
- (ii) The amount that is not recovered from the insurers shall be borne by the Business Associate.

6.17.9 Advance for shuttering materials

Steel scaffolding and framework shall be treated as plant & machinery for the purpose of advance and the provisions relating thereto shall apply for this purpose.

6.17.10 Advance for Proprietary Items

- (i) Such items, which are not covered under the schedule rates and are of the nature of equipments, machine etc. and of high value, an advance on the request of Business Associate, to the tune of 75% of the value of such items may be made provided Business Associates produces the documentary proof to the effect of its supply from the supplier or against the proof of payment having been made for its delivery.
- (ii) For such supply taking place only on advance payment having been made to such supplier firm, the payment to such supplying firm may be made on the request of Business Associate for its delivery directly to the firm if it has a brand and reputation in the market.

6.17.11 Grant of Advance for Plant & Machinery and Shuttering Material.

- (i) The advance for plant & machinery that are required for the work and brought to site by Business Associate, may be given if

requested by him in writing, within one month of bringing them to site. Such advance may be given by Branch if it feels that plant and machinery would aid to expeditious execution of the work and improve the quality.

(ii) The amount of advance shall be restricted as follows:

(a) For plant & machinery, five percent (5%) of the value of the work order or seventy five percent (75%) of the price of such plant & machinery paid by the Business Associate (for which he shall produce satisfactory evidence to the Branch), wherever is lower.

(b) For second hand and used plant & machinery, five percent (5%) of the work order or forty percent (40%) of the depreciated value of plant & machinery as may be decided by a Firm of Chartered Engineers/Engineer of Branch whichever is lower.

(c) No such advance shall be paid for any plant & machinery of perishable nature or of value less than Rs.50,000/-.

(d) Seventy five percent (75%) of such amount of advance shall be paid for the plant & machinery brought to the site and balance twenty five percent (25%) on their successful commissioning. Recovery should be commenced after ten percent (10%) of the work is completed and the entire amount together with interest shall be recovered by the time eighty percent (80%) of the work is completed.

(e) The Business Associate shall be at liberty to take away plant & machinery after the advance(s) along with the interest

due on it is recovered by the Branch and in the opinion of the CEF/Engineer of the Branch that they are not required at site for execution of the balance items of work.

6.17.12 The procedure for advance payment discussed above shall be subject to the limit and availability of funds/advances received from the vendor by the Branch. All advance payments should be released only with the recommendations of the Engineer and CEF.

6.18 Fair wage clause and Labour Regulations.

6.18.1 The Business Associate shall be responsible for compliance to all labour regulations.

6.18.2 They will also be responsible for the breakage, deface, injury or destruction of any part of the building/structure, in which they may be working, which would include road, road curbs, fence, enclosure, water pipes, cables, drain, electric or telephone posts or Tree, grass or grass land or cultivated ground contiguous to the premises on which the work or any part of it is being executed. The contractor shall also be responsible for all damages that may occur to the work in progress from any cause whatsoever or if any defect, shrinkage or other faults appear in the work and any injury or death may happen to worker or any person during the course of construction.

6.18.3 The Business Associate shall take insurance cover, as may be required under paras (1) and (2) above, the cost thereof, in turn shall be included in the project estimate. In case the business associate fails to take such insurance cover or defer any of the matters listed at paras (1) and (2) above, he shall be responsible

for making good any liability, compensation, Court proceedings alongwith its cost, if any.

6.19 Liability for damages, defects etc. during maintenance period:

If the contractor/business associate or his authorized official break, deface, injure or destroy any part of the building in which they may be working or any fault appear in the work within 12 months after a final certificate or completion certificate, the Business Associate shall make the same good at his own expenses. In case Business Associate fails to comply, Branch Manager shall make the same good from other workmen or agency and deduct the expenses from any sum that may be due or at any time, thereafter may become due to the Business Associate or from the security deposit, besides taking action as per law.

6.20 The security deposit of Business Associate for the purpose shall not be refunded before the expiry of 12 months from the date of completion of such project/the final bill passed for payment.

6.21 Stores:

Business Associate shall be responsible for acquisition of its stores, safe custody thereof and issue of such stores at the work site.

6.22 Quality Assurances

The Engineer(s) of the Branch and Chartered Engineering Firm and Business Associate shall be responsible to ensure the quality as prescribed in the work order and shall take such steps as per the norms if any, prescribed by the vendor or on its own to ensure it, which would include the test of different items/material etc. from the testing laboratory etc. from time to time as per norms.

6.23 Appointment of Business Associates

6.23.1 Business Associate shall be selected by the Branch for the purpose as outlined in the general guidelines who have expertise, credential, reputation, capacity, financial soundness besides satisfactory past performance.

6.23.2 However, notwithstanding anything in any other guidelines such Business Associate, who with the prior information to the Branch for helping and assisting it, in procurement of business (as single piece or on continuous basis declaring NCCF as a nodal agency) on back to back basis get registered, such Business Associates shall be selected on preferential basis for association and execution of such business provided the business is secured through their assistance and help.

6.24 Appointment of Chartered Engineering Firm

6.24.1 Branch in consultation with Head Office shall invite applications through open advertisement from such Engineering Firms which may work as substitute to its In-house Engineering and technical wing to assist it in preparation of the estimates, drawing to carrying out survey etc. vetting and finalizing the estimate, design etc. received from Business Associates, provide site inspection, monitor the progress of work, measure the quality, check and measure the physical quantity of work and check the bill, provide technical assistance/advice to the branch etc.

6.24.2 Engineers and Technical staff of such Engineering Firm and Business Associate shall be treated to be in-house staff of NCCF as if they were on its permanent roll even if they for all practical

purpose had been on the pay roll and under disciplinary and administrative control of such firm.

6.24.3 The services of such Engineering firm may be taken by any other Branch of NCCF through the parent Branch of such CEF for similar such work on such terms and conditions mutually agreed upon between the CEF and requisitioning Branch till such time the requisitioning Branch has made its own arrangement for this purpose.

6.25 Associate-ship Agreement:

Branch Office once having received the work order from the vendor shall enter into individual agreement with the vendor besides signing simultaneous agreement with the Business Associate. All clauses of agreement with vendor must be covered invariably including penalty/other risk clauses or any other clause deemed necessary and binding on the Business Associate.

6.26 Cancellation of contract in full or part:

In the circumstances stated at para 2.11.1 of the chapter 2, the Branch shall give notice in writing specifying the time to the Business Associate and after expiry of such period, shall proceed to take possession of the site/project and carry out to complete it though some other agencies at the risk and cost of the Business Associate through tender/or negotiation depending upon the exigencies of the situation.

In such a situation, action as detailed at para 2.11.2 of Chapter 2 will follow.

6.27 Levy/Taxes payable by Contractor/Business Associate:

- 6.27.1 Sales Tax or any other tax on materials/construction work in respect of contract/project shall be payable by the Business Associate.
- 6.27.2 In pursuant to or under any law, notification or orders, any royalty, cess or the like becomes payable by the NCCF to the State Government/Local Authorities in respect of any material/work related to construction used by the contractor/Business Associate in the works, such dues shall be recovered against the bills and paid to the concerned authority.
- 6.27.3 The Branch Manager shall be responsible to coordinate with the vendor, agencies related to work, the Business Associate and CEF. He shall attend to periodical review meetings and obtain minutes of the meeting wherever recorded.
- 6.27.4 Branch Manager shall be further responsible for the preparation of road map/mile stone in consultation with CEF/Engineer and Business Associate for completion of such project and shall make every endeavor to complete the project as per the work order and on time. Branch Manager shall keep the HO informed about the progress of such projects periodically.
- 6.27.5 Relationship of the Branch with the Business Associate shall be governed by the clause of Agreement to be entered into for the work/each project and the general MOU/agreement entered for associate-ship.

6.28 DOCUMENTATION ON HOUSING PROJECTS:

Separate guidelines will be issued about the documentations relating to the housing projects.