

(On Stamp paper of Rs. 150)

Bipartite Agreement

AGREEMENT

BETWEEN

RURAL ELECTRIFICATION CORPORATION LIMITED

AND

GOVERNMENT OF _____*

THIS AGREEMENT entered into on this ____ day of _____, Two thousand _____, BETWEEN

RURAL ELECTRIFICATION CORPORATION LIMITED, a company incorporated under the Companies Act, 1956 having its registered office at Core-4, Scope Complex, 7, Lodhi Road, New Delhi 110003 (herein after referred to as "**REC**" which expression shall unless repugnant to the context or meaning thereof include its successors and assignees) as party of the **First part**.

AND

GOVERNOR OF _____*, through DEPARTMENT OF POWER, Government of _____* (hereinafter referred to as "**Government of _____***" which expression shall include his successors in office") having its office at _____ as party of the **Second part**.

REC and Government of _____* collectively referred to as "**Parties**" and singularly as a "**Party**".

- A. AND WHEREAS GOVERNMENT OF _____* intend to implement project(s) for providing access to electricity to rural households [(hereinafter referred to as project(s)] in selected districts / areas of the state of _____* in pursuance of the National Programme, "*Rajiv Gandhi Grameen Vidyutikaran Yojana – Scheme for Rural Electricity Infrastructure and Household Electrification*" (RGGVY) and conveyed by the Office Memorandum of Ministry of Power, Government of India vide letter No. 44/10/2011-RE dated 02.09.2013 and any amendments thereto and whereas REC is the Nodal Agency for implementation of the said Programme. The said Office Memorandum is integral part of this agreement.
- B. AND WHEREAS the parties have agreed that the individual project(s), as proposed by Govt. of _____* and sanctioned by REC, under the National Programme: Rajiv Gandhi Grameen Vidyutikaran Yojana – Scheme for Rural Electricity Infrastructure and Household Electrification (RGGVY), commencing from the financial year 2012-13 shall be deemed to have been covered under this agreement on notification by REC. The terms and conditions of sanction by REC for a particular project, as contained in the sanction letter issued by REC, shall also form part and parcel of the present agreement. The sanction letter shall include supplementals and modifications issued by REC, if any, to sanction letter.
- C. AND WHEREAS Government of _____* has undertaken the responsibility for

formulation, planning, design, engineering, development and implementation of the projects in accordance with the customized Standard Bidding Document and in line with the Central Vigilance Commission (CVC) guidelines. Also, REC's guidelines, specifications and construction standards shall be adopted wherever applicable.

- D. AND WHEREAS REC shall release funds for implementation of the project(s) to Govt. of _____* to meet the expenditure to be incurred for construction of project(s) by Govt. of _____* covered under the programme. Govt. of _____* undertakes to repay the loan component of such funds, interest accrued thereon and other charges to REC as per the terms & conditions as detailed in the sanction letters issued by REC for these project(s).
- E. AND WHEREAS Government of _____* authorises REC that in case of non-payment of REC's dues against RGGVY projects by Government of _____*, REC reserves the right to recover and adjust its dues as detailed above, from further releases to be made directly to the Government of _____*.
- F. AND WHEREAS, project-wise, separate accounting for development and implementation of such REC funded projects shall be maintained by Govt. of _____*.
- G. AND WHEREAS Government of _____* commit to provide minimum daily supply of 6-8 hours of electricity in the RGGVY network and in the event of any corporatisation of the Power Department, Govt. of _____* will provide requisite revenue subsidy to the State Utilities(Corporate bodies) as required under the Electricity Act-2003 if it would like tariff for any category of consumer to be lower than the tariff determined by the SERC.
- H. AND WHEREAS Government of _____* shall be the custodian of the assets created on implementation of the individual project(s), as posed by Govt. of _____* and sanctioned by REC under the National Programme. Government of _____* shall operate and maintain these assets to effect power supply in the project areas and derive consequential benefits out of the assets created under the project.
- I. AND WHEREAS Government of _____* shall ensure that Rural Electricity Distribution Backbone (REDB) and Village Electrification Infrastructure (VEI) shall be created under the projects in accordance with Office Memorandum No. *letter* No. 44/10/2011-RE *dated* 02.09.2013 of Ministry of Power, Government of India.
- J. AND WHEREAS the Government of _____* agree to implement the eligible projects as above and as also as contained in the concerned Office Memorandum No. 44/10/2011-RE *dated* 02.09.2013 of Ministry of Power, Government of India for implementation of "RGGVY". Government of _____* also agree that in the event the projects are not implemented satisfactorily in line with the sanction terms and conditions, the capital subsidy sanctioned for the project(s) is liable for conversion into interest bearing loans.
- K. AND WHEREAS the Government of _____* agree that BPL households will be provided free electricity connections with LED lamp at the rate of Rs. 3000 per connection in villages and villages having habitations with population of above 100.
- L. AND WHEREAS the Government of _____* agree that Households above poverty line would be paying for their connections at prescribed connection charges and no subsidy would be available for this purpose from

this scheme.

- M. AND WHEREAS the Government of _____* agree that Wherever SC/ST population exists amongst BPL households and subject to being eligible otherwise, they will be provided connection free of cost and a separate record will be kept for such connection.

NOW, therefore, in consideration of the premises and mutual agreements, covenants and conditions set-forth herein (which shall form an integral part of this Agreement), it is hereby agreed by and between the parties as follows:

1.0 PROJECT FINANCING

- 1.1 The subsidy shall be restricted to 90% of sanctioned cost or award cost (excluding State & local taxes) whichever is lower (*this lowered cost herein after shall be referred to as 'Project cost'*). The state & local taxes are not admissible under RGGVY and to be borne by the Government of _____*.
- 1.2 90% of project cost would be provided as Capital subsidy and balance amount of the project cost would be contributed by the Government of _____* through own resources/loan from financial institutions including REC.
- 1.3 Cost overruns, if any, on any ground shall not be entertained and has to be borne by the Government of _____*. Directives of Ministry of Power in this regard if any, would be followed.
- 1.4 All the required land to facilitate construction/commissioning of above project(s) shall be provided by the Government of _____*. The cost of land and its acquisition shall not form part of project cost.

2.0 MODE OF RELEASE OF FUND

- 2.1 All fund releases shall be effected directly to the Government of _____* by REC. Project-wise funds (including 5% agency charges) shall be released in 5 installments i.e. 30%, 20%, 20%, 20% & 10% of project cost. In case of approval of upward revision in project cost, the eligible differential amount shall be met by the Government of _____* and subsidy calculations will be with respect to sanction cost or award cost whichever is lower.
- 2.2 In the event of non-availing of loan component from REC, eligible subsidy component against any project shall be released to the Government of _____* only after receipt of confirmation from the Govt. of _____* to the effect that proportionate State share has been deposited in RGGVY programme account.
- 2.3 The terms & conditions of release of funds for a particular project as contained in fund disbursement guidelines issued by REC, shall also form part of the present agreement. The release guidelines shall include supplementals and modifications issued by REC, if any. The releases will be subject to the deductions as agreed between REC and Government of _____*.
- 2.4 Final completed cost shall be submitted by the Government of _____* to REC based on audited account.

3.0 STATE LEVEL CO-ORDINATION COMMITTEE

Government of _____* shall setup a State Level Standing Committee, headed by the Chief Secretary and consisting of Secretaries of Energy, Rural Development, Finance, Panchayati Raj, Forest, Revenue, a representative of REC etc. The committee shall vet the district-wise list of villages, habitations, BPL households to be covered under the scheme and recommend the project proposals formulated by the implementing agency in accordance with the guidelines. The State Committee, while considering project proposals for its recommendations, shall ensure adequacy of upstream network commensurating with the proposed distribution network and availability of adequate power supply to cater to the load demand of project area. The Committee shall also monitor progress, quality control and resolve issues relating to implementation of sanctioned projects viz. allocation of land for substations, right of way, forest clearance, railway clearance, safety clearance, etc..

4.0 PROJECT MANAGEMENT

The Government of _____* shall create a dedicated team for implementation of projects at district & project implementing agency level for providing all necessary information including physical & financial progress related to the projects, arrange to get relevant orders/clearances from Govt. of _____*, enhance level of awareness and redress grievances of public & public representatives in the project areas. Payment of agency charges would be contingent upon deployment of such dedicated teams by the _____* for management of projects.

5.0 RURAL DISTRIBUTION MANAGEMENT:

Appointment of Franchisee for Rural Distribution management of electricity is not mandatory. However, the Govt. of _____* undertake to clearly indicate the alternative mechanism that would be adopted by Govt. of _____* to ensure maintenance of assets created and revenue sustainability at Power Utility level while submitting proposals under RGGVY.

6.0 SERVICE CHARGES /FEES

The Government of _____* will be provided 5% of the project cost (excluding the cost of providing connections to BPL households) or as per sanction letter and its amendments thereof for implementing the scheme as agency charges. The agency charges shall be inclusive of all taxes like service tax, education cess, cost of field survey, preparation of DPR, deployment of dedicated manpower and also for meeting additional expenditure on compulsory third party monitoring at the first tier of the Quality Assurance Mechanism.

Agency charges shall also be released in 5 installments alongwith regular installments (@30%, 20%, 20%, 20% and 10%) and linked to fulfillment of conditionalities like deployment of dedicated team, compliance of requisite conditionalities for release of respective regular installment, etc.

7.0 CONSTRUCTION / IMPLEMENTATION

7.1 Govt. of _____* shall make all possible efforts to complete the project(s) within the approved time frame starting from the date of award of project.

- 7.2 Govt. of _____* shall suitably incorporate the provisions towards levy of Liquidated Damages in their agreements with contractors for delay in completion of the project(s) and also other relevant contractual provisions pertaining to the procurement of goods and works. All amount towards Liquidated Damages, if any, as may be recovered by Govt. of _____* under this provision, and shall be suitably adjusted in the project cost.
- 7.3 During implementation of projects, the _____** shall enforce 3-Tier Quality Assurance Mechanism as per the guidelines issued by REC.
- 7.4 Govt. of _____* shall ensure that the equipment & material specifications and construction practices & standard are in conformity with those approved/ stipulated by REC.

8.0 TAKING-OVER OF THE PROJECT

Govt. of _____* shall also be responsible for operation & maintenance of the project(s) thereafter at their own expenses.

9.0 UTILISATION CERTIFICATE

Govt. of _____* shall submit a Utilisation Certificate(UC) for the funds released and dues adjusted during the Financial year and utilisation thereof in prescribed format, latest by 30th April of succeeding year.

10.0 ARBITRATION

Any differences or dispute among the parties arising out of or in connection with this project shall be discussed and settled amicably amongst the parties. In the event of non-settlement of the difference or dispute within sixty (60) days, the same shall be referred to the Secretary to the Government of India in the Ministry of Power, as the sole arbitrator whose decision shall be final and binding on the parties to this Agreement.

11.0 FORCE MAJEURE

The parties shall ensure due compliance with the terms of this Agreement. However, no party shall be liable for any claim for any loss or damage whatsoever arising out of failure to carry out the terms of the Agreement to the extent that such a failure is due to force majeure events such as fire, rebellion, mutiny, civil commotion, riot, strike, lock-out, forces of nature, accident, act of God and any other reason beyond the control of concerned party. But any party claiming the benefit of this clause shall satisfy the other party of the existence of such an event and give written notice of 30 days to the other party to this effect. The services covered under this Agreement shall be started as soon as practicable by the parties concerned after such eventuality has come to an end or ceased to exist.

12.0 IMPLEMENTATION OF THE AGREEMENT

All discretions to be exercised and directions, approvals, consents and notices to be given and actions to be taken under these presents, unless otherwise expressly provided herein, shall be exercised and given by the signatories to this Agreement or by the Authorized representative(s) that each party may

nominate in this behalf and notify in writing to the other party by Registered Post. Any other nomination of Authorized representative(s) and/or changes in designation shall be informed likewise in writing to/by Govt. of _____* and REC within one month of signing of the Agreement. Any changes in designations/ registered office address shall be intimated in writing to all concerned parties.

13.0 NOTICE

All notices required or referred to under this Agreement, shall be in writing and signed by the respective authorized signatories of the parties mentioned herein above, unless otherwise notified. Each such notice shall be deemed to have been duly given if delivered or served by registered/speed post of Department of Posts to the respective heads on the addresses mentioned in the recital.

14.0 TERMINATION

This agreement shall remain valid unless terminated with consent of all the Parties.

15.0 JURISDICTION

The competent Courts of Delhi shall have exclusive jurisdiction in all matters relating to or arising out under these presents.

IN WITNESS WHEREOF the parties have executed these presents through their Authorized Representatives at _____.

**For and on behalf of
Rural Electrification Corporation Ltd.**

**For and on behalf of
Governor of _____*
Through Dept. of Power
Government of _____***

Witness 1.

Witness 2.