

**Tripartite Agreement**  
**(On Stamp paper of Rs. 100)**

**AMONGST**  
**RURAL ELECTRIFICATION CORPORATION LIMITED**  
**GOVERNMENT OF \_\_\_\_\_ \* AND**

\_\_\_\_\_ \*\*

THIS AGREEMENT entered into on this \_\_\_\_ day of \_\_\_\_\_, Two thousand \_\_\_\_\_, AMONGST

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**.

**AND**

\_\_\_\_\_\*\*, a body constituted under Section 5(i) of the Electricity Supply Act 1948, and its amendment thereof duly owned by Government of \_\_\_\_\_\*, having its Head Office at \_\_\_\_\_ (hereinafter referred to as “\_\_\_\_\_\*\*”) which expression shall unless repugnant to the context or meaning thereof include its successors and assignee) as party of the **Third part**.

**OR**

\_\_\_\_\_\*\*, a company incorporated under the Companies Act 1956/2013 (as the case may be) having its registered office at \_\_\_\_\_ (hereinafter referred to as “\_\_\_\_\_\*\*”) which expression shall unless repugnant to the context or meaning thereof include its successors and assignee) as party of the **Third part**.

**REC, Government of \_\_\_\_\_\* and \_\_\_\_\_\*\* collectively referred to as “Parties” and singularly as a “Party”**

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TO BE INSERTED : (\*) Name of State    (\*\*) Name of State Power Utility

- A. AND WHEREAS GOVERNMENT OF \_\_\_\_\_\* AND \_\_\_\_\_\*\* 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 called **“Decentralized Distributed Generation (DDG) under “Deendayal Upadhyaya Gram Jyoti Yojana” (DDUGJY) erstwhile RGGVY hereinafter referred to as “Programme and conveyed by the Office Memorandum of Ministry of Power, Government of India vide letter No. 44/44/2014-RE dated 03.12.2014** and any amendments thereto hereinafter referred to as “Office Memorandum” 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 \_\_\_\_\_\*\* and sanctioned by REC, under the National Programme: *Deendayal Upadhyaya Gram Jyoti Yojana” (DDUGJY)*, commencing from the financial year 2014-15 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 as per the guidelines issued vide the aforesaid Office Memorandum by Ministry of Power, Government of India, for implementation of the said Programme, Government of \_\_\_\_\_\* has entrusted the responsibility to \_\_\_\_\_\*\* for formulation, and implementation of the projects in the identified areas involving system planning, design, engineering (in accordance with REC’s guidelines, specifications and construction standards, wherever applicable) and procurement in accordance with agreed competitive bidding procedures and undertake to construct / implement / commission the DDG Sanctioned Projects on behalf of Government of \_\_\_\_\_\*.
- D. AND WHEREAS Government of \_\_\_\_\_\* has authorised REC to release funds for implementation of the project(s), directly to \_\_\_\_\_\*\* on their recommendation and on their behalf, to meet the expenditure to be incurred for construction of project(s) by \_\_\_\_\_\*\* covered under the programme.
- E. AND WHEREAS, project-wise, separate accounting for development and implementation of such REC funded projects shall be maintained by \_\_\_\_\_\*\*.
- F. AND WHEREAS Government of \_\_\_\_\_\* shall be the **custodian** of the assets created on implementation of the individual project(s), as posed by \_\_\_\_\_\*\* and sanctioned by REC under the National Programme. Government of \_\_\_\_\_\* have authorized the \_\_\_\_\_\*\* to 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.
- G. AND WHEREAS Government of \_\_\_\_\_\* and \_\_\_\_\_\*\* 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 29.08.2013** of Ministry of Power, Government of India.

- H. AND WHEREAS the Government of \_\_\_\_\_\* and \_\_\_\_\_\*\* agree to implement the eligible projects as above and as contained in the concerned Office Memorandum No. **44/10/2011-RE dated 29.08.2013** of Ministry of Power, Government of India for implementation of DDG under “DDUGJY”. Government of \_\_\_\_\_\* and \_\_\_\_\_\*\* 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) could be converted into interest bearing loans.
- I. And whereas BPL households will be provided free electricity connections with LED lamp at the rate of Rs. 3000 per connection in villages and habitations.
- J. AND WHEREAS the Government of \_\_\_\_\_\* and \_\_\_\_\_\*\* 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.
- K. AND WHEREAS the Government of \_\_\_\_\_\* and \_\_\_\_\_\*\* 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 amongst the parties as follows:**

## **1.0 PROJECT FINANCING**

60% (85% in case of special category states) of Capital subsidy would be provided towards overall cost of the projects under the scheme, excluding the amount of state or local taxes, which will be borne by the concerned State/State Power Utility. 40% (15% in case of special category states) of the project cost would be contributed by states through own resources/ as loan from any financial institution. DDG projects would be eligible for release of additional grant @ 15% of project cost (5% in case of special category states) on fulfillment of only on milestone i.e. timely completion of projects within stipulated time.

## **2.0 MODE OF RELEASE OF FUND**

Financial assistance for implementation of the DDG Project(s) shall be released for each of sanctioned project separately in accordance with the sanctioned project cost as

TO BE INSERTED : (\*) Name of State    (\*\*) Name of State Power Utility

indicated in sanction letter of the project by REC to \_\_\_\_\_\*\* on the request from the \_\_\_\_\_\*\* and in the manner as indicated below:

- a) **First Instalment – 30% of sanctioned project cost of the project(s) on signing of tripartite agreement and fulfillment of all requirements, including requisite legal formalities by the Government of \_\_\_\_\_\* and \_\_\_\_\_\*\*.**

Before release of 1<sup>st</sup> instalment, implementing agencies shall furnish a certificate to REC for the followings:

- (i) **that evaluation of bids for award of contracts has been finalized and approved by their competent authority and also that the contract for execution of the project(s) would be awarded within one week from the date of release of 1<sup>st</sup> instalment by REC.**
- (ii) **that the land required for the project has been acquired by the Government of \_\_\_\_\_\* and handed over to \_\_\_\_\_\*\* for execution of project(s)**

- b) **Second Instalment – 30% of the sanctioned project cost.**

Before release of 2<sup>nd</sup> instalment, implementing agencies shall furnish a certificate to REC for the followings:

- (i) **Submission of the expenditure details to REC by \_\_\_\_\_\*\*, after obtaining necessary concurrence of the Government of \_\_\_\_\_\* for 80% expenditure of the first instalment**
- (ii) **that the work has been awarded and a copy of the work order has been submitted to concerned REC, Project Office/ Zonal Office. The project developer has submitted the CPG (Contract Performance Guarantee) of value of 10% of projects cost in form of BANK Guarantee valid upto 6 months after commissioning.**

- c) **Third Instalment - 30% of the sanctioned project cost.**

Before release of 3<sup>rd</sup> instalment, implementing agencies shall furnish a certificate to REC regarding **expenditure details after obtaining necessary concurrence of the Government of \_\_\_\_\_\* for 80% expenditure of the first and second instalment and successful commissioning of the project(s). Project developer has submitted a Bank Guarantee, equivalent to 20% of project cost, valid till 5 years after commissioning.**

- d) **Fourth Instalment – 10% of the sanctioned project cost within 6 months from Performance Guarantee (PG) Testing for Solar PV projects and 40 days for Small Hydro projects.**

Before release of Fourth, implementing agencies shall furnish a certificate to REC regarding **expenditure details after obtaining necessary concurrence of the Government of \_\_\_\_\_\*** for 100% expenditure of all the previous instalments and also submit a certificate that the project is running successfully as may be prescribed by Ministry of Power / REC.

Each of the above instalments would consist of 60% capital subsidy and 40% Loan/Equity component. In case, Government of \_\_\_\_\_\* has not availed loan from REC, the Government of \_\_\_\_\_\* shall ensure that 40% of the project cost is released to the \_\_\_\_\_\*\* on pro-rata basis against each of the above instalments and submit an undertaking that they have made payment to the developer in this regard at the time of release of funds by REC.

2.1 The Government of \_\_\_\_\_\* shall concur the expenditure as claimed by \_\_\_\_\_\*\* at 2.0 above within two weeks from the receipt of the concerned claim documents.

2.2 Final project cost (based on award cost) shall be submitted by \_\_\_\_\_\*\* to REC with the concurrence of Government of \_\_\_\_\_\*, based on the audited account and the difference shall be paid/recovered by REC as the case might be, from \_\_\_\_\_\*\*.

2.3 Additional funds for the project, if any, on account of variation in the project parameters, shall be payable to \_\_\_\_\_\*\* subject to approval by the Ministry of Power.

## 2.4 TAXES AND DUTIES

All statutory taxes/levies/duties or any kind of imposition(s) whatsoever imposed/charged by the State Government or its local authorities/bodies shall be borne by the concerned State/State Power Utility and shall not be eligible for subsidy under the Programme.

## 3.0 STATE LEVEL CO-ORDINATION COMMITTEE

State Government 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 monitor progress, quality control and resolve issues relating to implementation of sanctioned projects viz. allocation of land, right of way, forest clearance, safety clearance, etc..

#### 4.0 PROJECT MANAGEMENT

The project implementing agencies shall create a dedicated team for implementation of projects at district & project implementing agency level to enhance level of awareness, redress grievance of public and public representatives of the project areas. Single point contact (in the State Implementing Agency) should be an officer of level not below Assistant Executive Engineer who will be DDG Nodal officer. Payment of agency charges would be contingent upon deployment of such dedicated teams by the implementing agencies for management of projects.

#### 5.0 CONSTRUCTION / IMPLEMENTATION

- 5.1 \_\_\_\_\_ \*\* and the Government of \_\_\_\_\_ \* shall ensure selection of suitable Project Developer in accordance with the stipulated guidelines under the Programme. The Project Developer shall meet all obligations relating to implementation of the project(s) including under this agreement such as planning, design & engineering, procurement of equipment/materials, execution of works, installation & commissioning, operations & maintenance etc.. \_\_\_\_\_ \*\*/Government of \_\_\_\_\_ \* shall enter into a suitable agreement with Project Developer for the same.
- 5.2 \_\_\_\_\_ \*\* shall make all possible efforts to complete the project(s) within the approved time frame starting from the date of award of project.
- 5.3 \_\_\_\_\_ \*\* 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 \_\_\_\_\_ \*\* under this provision, and shall be suitably adjusted in the project cost.
- 5.4 (a) The best cost and quality control measures shall be enforced by \_\_\_\_\_ \*\* during implementation through appropriate management and control systems.
- (b) On behalf of the project authority (Government of \_\_\_\_\_ \*), \_\_\_\_\_ \*\* shall ensure that the equipment and material specifications and construction practices and standard are in conformity with those approved /stipulated by REC.
- 5.5 \_\_\_\_\_ \*\* and the Government of \_\_\_\_\_ \* shall ensure that the Project Developer implements the Projects on Build, Operate, Maintain & Transfer (BOMT) basis for a period of 5 years. The plant will be handed over to the State Government in working condition after 5 years. All the replaced parts will be handed over to the State Government. The role of Project Developers shall be as per Programme.

## 6.0 TAKING-OVER OF THE PROJECT

\_\_\_\_\_ After 5 years, Implementing Agency\_\_\_\_\_ \*\* will have the option to take over the Project or handover the Project to "Project Developer" or any other agency as approved by the Government of \_\_\_\_\_\* for running the project, either on negotiated rate basis or limited or open tender basis.

## 7.0 UTILISATION CERTIFICATE

\_\_\_\_\_ \*\* shall arrange to submit a Utilisation Certificate(UC) issued by Govt. of \_\_\_\_\_\* for the funds released during the Financial year and utilisation thereof in prescribed format, latest by **30th April** of succeeding year after due auditing by Chartered Accountant.

## 8.0 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.

## 9.0 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.

## 10.0 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 mail, speed post of Department of Posts or by Courier service to the respective heads on the addresses mentioned in the recital.

**11.0 TERMINATION**

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

**12.0 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 New Delhi.

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

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

**For and on behalf of  
\_\_\_\_\_\*\***

**Witness 1.  
Witness 2.**