



POLICY AND PROCEDURE FOR SUBCONTRACT

IN

CREDA

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POLICIES AND PROCEDURES FOR SUBCONTRACT

(A) OBJECTIVES

The objectives of all Sub-Contract activities in CREDA are to ensure that -

- The required work / materials / services at prescribed specifications are outsourced from reliable vendors / system integrators, in right quantities, at the right times and at right prices.
- Fair, transparent and consistent practices are followed in sub-contracting with a view to establish long-term reliable business relationships with the vendors for timely execution of projects.
- The total 'execution time' for commissioning of systems is reduced to the minimum.

(B) Reasons for subcontracting

- To ensure timely completion of projects with utmost quality.
- To promote local vendors to increase substantial employment.
- To avoid delay in work due to unavailability of local manpower.
- To improve the flexibility of original contractor as sub contractor will increase its working hands.
- Productivity Increases - since, in a general way, the subcontracted teams are specialized in certain services, they start to present a larger productivity when compared with the original contractor own labor force.
- Improves the workmanship which in terms increases the quality of work.

1. What is a Sub-Contract ?

- 1.1 The successful bidder shall be called hereby original contractor.
- 1.2 Subcontract is a separate contract entered into by Original Contractor under which the original Contractor agrees with Sub-Contractor that the Sub-Contractor will perform some (not more than 25% of the contract price) of Original contractor's obligations under the main contract with the approval of CREDA. The main contract stays in place and in force.
- 1.3 Original Contractor remains liable for the performance of the main contract, with the result that Original Contractor is liable for any default in performance by Sub-Contractor, simultaneously the subcontractor will also be liable to CREDA for such defaults. CREDA has right to take action against the original contractor as well as the subcontractor.

- 1.4 Subcontracting doesn't mean that the sub-contractor steps into Original Contractor's responsibility and obligations and Original Contractor falls out of the picture and assignment. (where Original Contractor transfers the benefit of the main contract to Sub-Contractor)
- 1.5 If main contract contain a clause prohibiting subcontracting directly without the consent of CREDA, then the Original Contractor will need to liaise with CREDA to remove that clause or gain express consent to the subcontracting it proposes.
- 1.6 The Sub-Contractor shall perform the activities strictly as per the terms, conditions & specifications of CREDA.
- 1.7 The original contractor shall have to provide sufficient details such as specifications, scope of work, time schedule, Terms, conditions and procedures to the Sub-Contractor for smooth and precise execution of work.

2. Procedure and norms of Subcontracting

- 2.1 The Original Contractor may subcontract part of the work with the approval of CREDA in writing, up to 25% of the contract price and also part of maintenance work after completion of the work but will not assign the entire Contract. It is expressly agreed that the Original Contractor shall be responsible and liable for all his obligations under the agreement notwithstanding anything contained in the agreements with his Sub-Contractors or any other agreement that may be entered into by the sub-Contractor and no default under any such agreement shall exempt the Original Contractor from his obligations or liability hereunder.
- 2.2 The Original Contractor shall be required to obtain consent from CREDA in writing for -
 - (a) The sub-contracting of any part of the Works.
 - (b) The provision for labour, or labour component.
 - (c) The purchase of Materials of the same make, specifications and combinations and vendor which are in accordance with the standards specified in the contract.
- 2.3 Beyond what has been stated in clauses 2.1 and 2.2, if the Original Contractor proposes Sub-Contracting any part of the work, during execution of the Works, CREDA will consider the following before according approval -

- (a) The Original Contractor shall not be allowed to Sub-Contract more than 25 percent of the Works.
- (b) The Original Contractor shall not Sub-Contract any part of the Work without prior approval of CREDA. Any such approval shall not relieve the Original Contractor from any liability or obligation under the Contract and he shall be responsible for the acts, defaults and neglects of any of his sub-Contractor, his agents or workmen as fully as if they were the acts, defaults or neglects of the Contractor, his agents and workmen.
- (c) After approval of the proposal of subcontract CREDA shall issue a permission letter for the same.

2.4 The original contractor should satisfy himself before recommending to Head Office CREDA whether the Sub-Contractor so proposed is fit for the Work, possesses the experience, qualifications, manpower and equipments necessary for the job proposed be entrusted to him in proportion to the quantum of Works to be Sub-Contracted.

2.5 While Sub-Contracting part of the work as per provisions of Clause 2.1 and 2.3 above, the Contractor shall enter into formal sub-contract with sub-contractor making provisions for such requirements as may be specified by CREDA including a condition that to the extent of inconsistency, provision of the Contract shall prevail over the provisions of the sub-contract. A copy of document of formal sub-contract shall be furnished to CREDA within a period of 15 days from the date of such sub-contract. In all such cases, on completion of the contract, CREDA, unless for reasons recorded in writing decides otherwise shall issue a Certificate of Experience to the Original contractor and in such certificate, the experience of the sub-contractors shall also be mentioned. The copy of such certificate would also be endorsed to the sub-contractor. If there is agreement between original contractor and sub contractor certificate of the experience may be issue to sub contractor for the work assigned to him.



3. **Power to approve the Subcontract**

CEO CREDA shall be empowered to approve sub contract or he may delegate his power to approve sub-contract to any officer not below the rank of Chief Engineer.

4. **Warranty Clause**

Original Contractor - Whatever warranty mentioned in tender document shall be honored un-conditionally by the original contractor. He shall only be held responsible for any defect/non-functionality of any work/system or any components. The Original contractor shall have to enter into suitable and binding agreement with the Sub-Contractor accordingly. CREDA will not ask to the subcontractor for any rectification/replacement of work/system or any components. All liabilities regarding warranty shall be on the part of original Contractor.

Sub-contractor - The warranty of workmanship will be levied on sub-contractor. The warranty of whole system shall also be shared by both i.e. original contractor and sub-contractor. However CREDA has sole discretion to fix the responsibility either on original contractor or subcontractor.

5. **Submission of JCCs**

Ordinarily the Original Contractor shall be responsible for submission of JCCs to the concerned district offices of CREDA with his and subcontractor signature and seal on every document comprising the JCCs. The seal of sub-Contractor should clearly mention the name of sub-Contractor with the Phrase "on behalf of original Contractor". All liabilities like warranty, Specifications, compliance of Govt. rules and regulations etc. shall be on the part of original contractor.

6. **Eligibility criteria**

The sub-contractor -

- 6.1 Should have valid registration as SI in the CREDA for the current Financial Year or he will have to registered as SI in CREDA immediately after approval.
- 6.2 Should have an experience / experienced manpower for execution installation of work for which he is going to execute contract.
- 6.3 Should not be debarred from any Govt. organization.
- 6.4 Should have sufficient skilled manpower to execute work certificate for the same has to be submitted.

7 Payment Clause

The payment will be done in two modes -

Mode 01 -

CREDA will pay to the original contractor after successful commissioning of the system and acceptance and on receipt of IR/BFN from concerned offices of CREDA duly signed by original contractor, Sub-contractor and beneficiary organization as per the tender condition and the original contractor shall have to pay the subcontractor within 15 days of the receipt of payment from CREDA.

Mode 02 -

CREDA will pay directly to the sub contractor on behalf of original contractor after acceptance and on receipt of IR/BFN from concerned offices of CREDA duly signed by original contractor, Sub contractor, and beneficiary organization as per the tender condition subjected to the receipt of written consent / recommendation for payment from original contractor.

If the Original Contractor fails to pay any amount due to Sub-Contractor within 45 days then on receipt of information from sub contractor, CREDA shall have right to deduct the same from the bill of Original Contractor or any amount due and pay the same to the Sub-Contractor as discharge of CREDA's contract obligations.

