

**Quadripartite Agreement
(On Stamp paper of appropriate value)**

AGREEMENT

AMONGST

RURAL ELECTRIFICATION CORPORATION LIMITED,

GOVERNMENT OF _____*,

_____,**,

AND

_____,***

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

AND

_____,***, a company incorporated under the Companies Act, 1956 having its registered office at _____ (hereinafter called “_____****”) which expression shall unless repugnant to the context or meaning thereof include its successors and assignees) as party of the **Fourth part**.

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

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

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, **“Rajiv Gandhi Grameen Vidyutikaran Yojana – Scheme for Rural Electricity Infrastructure and Household Electrification” (RGGVY) and covered by the Office Memorandum of Ministry of Power, Government of India vide letter No.44/19/2004-D(RE) dated 18th March, 2005** and any amendments thereto and whereas REC has agreed to finance such project(s) on the terms and conditions as detailed in the sanction letter(s) of the respective project(s) posed by _____** with the consent of Government of _____* and sanctioned by REC from time to time.

B. AND WHEREAS the parties have agreed that the individual project(s), as posed by _____** and sanctioned by REC under the National Programme, commencing from the financial year 2004-05 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.

C. AND WHEREAS the Government of _____* and _____** have sought the assistance of _____*** to provide necessary services for formulation, development and implementation of the project(s) in identified areas on behalf of Government of _____* and _____**.

D. AND WHEREAS the Memorandum of Understanding (MOU) concluded between REC and _____*** on _____ (herein after referred to as “MOU”) shall also form part and parcel of the present agreement.

E. AND WHEREAS _____***, in accordance with para 4.1 and para 5.1 of the said MOU, has agreed to provide services for formulation, development and implementation of the project(s) 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 sub-transmission and distribution works under the project(s) on deposit work basis, subject to the funds being released in time, directly to _____*** by REC (in suitable instalments) to meet the entire expenditure, including the service charge of _____*** and statutory levies.

- F. AND WHEREAS GOVERNMENT OF _____* has authorised REC to release the above funds directly to _____*** on their behalf to meet the entire expenditure to be incurred by _____*** including _____***'s service charges and statutory levies towards construction/implementation/ commissioning of the project(s).
- G. AND WHEREAS, the entire sum released by REC directly to _____*** for implementation of project(s) under the National Programme, shall be deemed to have been drawn by the Govt. of _____* as loan / subsidy, and Govt. of _____* undertakes to repay the loan component of such funds, interest thereon and other charges to REC as per the terms & conditions as detailed in the sanction letters issued by REC for these project(s).
- H. **AND WHEREAS Government of _____* and _____** commit that they shall ensure –**
- (a) Determination of bulk supply tariff for franchisees in a manner that ensures their commercial viability.**
 - (b) Provision of requisite revenue subsidy by the State Government to the State Utilities as required under the Electricity Act- 2003.**
- I. **AND WHEREAS the Government of _____* and _____** also undertake and commit that the following arrangements would be put in position before the project is completed :-**
- (i) Deployment of Franchisee for the management of rural distribution in projects financed under the scheme and for the management of rural distribution through franchisee who could be Non-Governmental Organisations (NGOs), Users Association, Cooperatives or individual entrepreneurs, the Panchayat Institutions. The franchisees arrangement could be for system beyond and including feeders from substation or from and including Distribution Transformer(s).**
 - (ii) The provision of requisite revenue subsidy to the State Utilities, as required under the Electricity Act, 2003. Revenue sustainability arrangement shall be ensured in the project area and based on the consumer mix and the prevailing consumer tariff and likely load, the Bulk Supply Tariff (BST) for**

the franchisee would be determined after ensuring commercial viability of the franchisee. Whereas feasible, bidding may be attempted for determining the BST. This Bulk Supply Tariff would be fully factored into the submissions of the State Utilities to the State Electricity Regulatory Commissions (SERCs) for their revenue requirements and tariff determination. The State Government under the Electricity Act is required to provide the requisite revenue subsidies to the State Utilities if it would like tariff for any category of consumers to be lower than the tariff determined by the SERC.

(iii) Adequate arrangement for supply of electricity without any discrimination in the hours of supply between rural and urban households.

J. AND WHEREAS a portion of the sum against the project cost if sanctioned and released as loan / subsidy by REC for development of franchisee arrangements in the project area in accordance with the relevant norms and guidelines, Government of _____* undertakes to repay the loan component of such funds, interest thereon and other charges to REC as per terms and conditions as detailed in the sanction letters issued by REC for these projects.

K. AND WHEREAS Government of _____* and _____** shall ensure that Rural Electricity Distribution Backbone (REDB) and Village Electrification Infrastructure (VEI) shall be created under the project in accordance with the concerned Office Memorandum of Ministry of Power, Government of India dated 18th March, 2005 and this infrastructure would also cater to the requirements of agriculture and other activities including irrigation pumpsets, small and medium industries, khadi and village industries, cold chains, healthcare and education & IT.

L. AND WHEREAS the Government of _____* and _____** agree to implement the eligible projects fulfilling the conditionalities as above and as also as contained in the concerned Office Memorandum No. 44/19/2004-D(RE) dated 18th March, 2005 of Ministry of

Power, Government of India for implementation of “RGGVY”. Government of _____ and _____** also agree that in the event the projects are not implemented satisfactorily in accordance with the conditionalities indicated in the concerned Office Memorandum of Ministry of Power dated 18th March, 2005 and also as indicated in para ‘F’ and ‘I’ above, the capital subsidy, if sanctioned for the project could be converted into interest bearing loans.*

M. And whereas the government of _____ and _____** agree that all provisions of this agreement shall take effect and be binding from the date _____ on which the earlier quadripartite agreement was signed among the parties for implementation of the projects under “Accelerated Electrification of One Lakh Villages and One Crore Households” except for the provision of eligible capital subsidy in accordance with the provision of the Scheme RGGVY. The Government of _____* and _____** also agree that the enhancement of the component of capital subsidy as eligible under the scheme RGGVY shall be effective from the date of the release of funds by MOP to the REC for enhanced amount of capital subsidy, or the date of completion of this agreement whichever is later in respect of the projects sanctioned during 2004-05 under “Accelerated Electrification of One Lakh Villages and One Crore Households”.*

*N. AND WHEREAS, projectwise, separate accounts for development and implementation of such REC funded projects shall be maintained by _____***.*

O. AND WHEREAS Government of _____ shall be the owner of the assets created on implementation of the individual project(s), as posed by _____** with the concurrence of Government of _____* 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.*

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 BY REC

1.1 The funds for execution of the project(s) sanctioned by REC under the National Programme shall be released by it directly to _____^{***}, including service charges and statutory levies, as due to them from the Govt. of _____^{*} and _____^{**}.

1.2 While implementing the project, in the event of any variation in the project parameters or increase or decrease in the project cost, _____^{***} shall submit the revised cost estimate (RCE) to REC, through _____^{**} and Govt. of _____^{*}, for consideration of revised sanction from REC. Subject to technical suitability, REC would consider revised sanction of the cost estimates under the following circumstances: -

1. Change in scope
2. Change in statutory levies
3. Price escalation
4. Time overrun (beyond the control of project executing agency)
5. Underestimation

1.3 Release of funds to _____^{***} shall be as below :

a) **First Instalment** – 30% of sanctioned project cost (including proportionate service charges and statutory levies) of the project(s) within 15 days from date of execution of loan documents and fulfillment of all requirements, including requisite legal formalities by the Govt. of _____^{*} and _____^{**}, as per sanction letter of the project.

The release of 1st instalment would also be subject to fulfillment of the condition that evaluation of bids for award of contracts is finalized and also on the undertaking by the implementing agency that the contract for execution of the project(s) would be awarded within one week from the date of release of 1st instalment by REC.

b) **Second Instalment** - 30% of the sanctioned project cost along with proportionate _____^{***} service charges and statutory levies within 15 days from submitting the expenditure details to REC by _____^{***}, after necessary verification and certification by _____^{**}, for 80% expenditure of the first instalment.

- c) **Third Instalment** - 30% of the sanctioned project cost along with proportionate _____^{***} service charges and statutory levies within 15 days from submitting the expenditure details to REC by _____^{***}, after necessary verification and certification by _____^{**} for 80% expenditure of the first and second instalment.
- d) **Fourth Instalment (final instalment)** - 10% of the sanctioned project cost along with proportionate _____^{***} service charges and statutory levies within 30 days from submitting the expenditure details and completion certificate to REC by _____^{***} after necessary verification and certification by _____^{**}.
- e) Funds for development of franchisee, if sanctioned, shall be released in accordance with the conditions stipulated in the respective project sanction letters of REC.
- f) _____^{**} shall verify the expenditure as claimed by _____^{***} at b), c) and d) above within two weeks from the receipt of the concerned claim documents, failing which it would be deemed to have been verified for release of funds by REC to _____^{***}.
- g) Final completed cost, along with _____^{***}'s service charges and statutory levies, shall be submitted to REC duly verified by _____^{**}, based on the audited account and the difference shall be paid / recovered by REC as the case might be, from _____^{***}.
- h) Additional funds for the project, if any, on account of variation in the project parameters, shall be payable to _____^{***} which would be governed by the provisions under clause 1.2 of this agreement.

2.0 UTILISATION CERTIFICATE

Government of _____^{*} shall provide utilisation certificate(s) for the funds released by REC for implementation of project(s) in the manner prescribed by the Government of India / REC. Such certification will be based on the utilisation certificate / details furnished by _____^{***} and verified by _____^{**}.

3.0 CONSTRUCTION / IMPLEMENTATION

3.1 _____^{***} shall make all possible efforts to complete the project(s) within the approved time frame starting from the date of release of the first instalment of funds by REC.

3.2 _____^{***} shall specify quarterly milestones, and progress shall be reviewed with reference to these milestones jointly by REC, authorised representative of Govt. of _____^{*}, _____^{**} and _____^{***} in quarterly Performance

Review Meetings.

3.3 _____^{***} 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. Declaration in this regard shall be furnished by _____^{***} before settling the actual expenditure on the project in line with the provisions under clause 1.3(g) of this agreement. All amount towards Liquidated Damages, if any, as may be recovered by _____^{***} under this provision, shall be suitably adjusted in the project cost.

3.4 (a) _____^{***} shall ensure that its own quality control systems and inspection procedures are adopted in the implementation of these project(s).

(b) The best cost control measures shall be enforced by _____^{***} during implementation through appropriate management and control systems.

(c) On behalf of the project authority (Govt. of _____^{*} and _____^{**}), _____^{***} shall ensure that the equipment & material specifications and construction practices & standard are as those approved/ stipulated by REC.

4.0 SERVICES TO BE PROVIDED BY _____^{}**

4.1 The Government of _____^{*} and _____^{**} hereby authorise _____^{***} to construct / implement the project(s) on their behalf.

4.2 The _____^{**} will provide all information and necessary data with regard to technical aspects (existing electrical infrastructure etc.) and geographical aspects as also other information regarding level of village and household electrification for the project areas to _____^{***} to facilitate formulation, development and implementation of project(s).

The Government of _____^{*} and _____^{**} will also provide village wise list of un-electrified BPL households to be provided electricity connection free of charge, as also, the villagewise list of prospective households connections (other than BPL) based on the status of pending applications, expected to obtain electricity connection, before completion of the project work as relevant to the specific village(s) covered under the project.

4.3 All the required land to facilitate construction/commissioning of above project(s) shall be provided by _____^{**}; the cost of land acquisition, if required, will be released by _____^{***} to _____^{**} on documentary evidence from the funds allocated for this purpose if it is part of the project cost.

4.4 All the statutory clearances/approvals/compliance required for construction / implementation of the project(s) including Right of Way, Forest Clearance etc. shall be obtained/provided by _____**.

4.5 Government of _____* and the _____** shall arrange for appropriate security at the working locations for smooth & timely execution of the work.

5.0 TAXES AND DUTIES

All statutory taxes/levies, duties, cess, entry tax or any kind of imposition(s) whatsoever imposed/charged by any Government (Central / State) and/or any other local bodies/ authorities on _____*** and / or its contractors in respect of execution of the project(s) covered under this Agreement and Service Tax on service charge of _____** (including any variation thereof), not included in the estimated cost of the project, shall be eligible for reimbursement to _____*** on production of documentary evidence and verification by _____**.

6.0 TAKING-OVER OF THE PROJECT

6.1 _____*** shall intimate _____** upon successful commissioning of the project and test charging of the same (in part or full, as the case may be) and _____** shall immediately takeover the project(s) and commence operation & maintenance of the project(s) (in part or full, as the case may be) at their own expenses and shall also ensure compliance of provisions as indicated earlier under Para 'H' & 'I' of RECITALS of this agreement.. _____** shall furnish the taking over certificate within thirty (30) days from the date of such intimation by _____***, subject to rectification of defects/faults, if any. If due to any reason, the project(s) is not taken over by _____**, all costs & service charge incurred by _____***, on account of delay in taking over by _____**, will be payable by _____** out of their own resources.

6.2 As and when the project is commissioned and taken over by _____** (in part or full, as the case may be), the operation and maintenance of the same shall be the responsibility of _____**. However, If the Govt. of _____* / _____**, so desire, _____*** may consider taking up operation and maintenance of the completed project(s) on mutually agreed terms and conditions under a separate agreement with them.

7.0 ARBITRATION

Any differences or dispute between 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, whose decision shall be final and binding on the parties to this Agreement.

8.0 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 15 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.

9.0 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 _____^{***} 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.

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 with an acknowledgement due to the other parties.

11.0 TERMINATION

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

12.0 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 _____***
**Power
Government of _____***
Through Dept. of

**For and on behalf of
_____****

**For and on behalf of
_____*****

Witness 1.

Witness 2.

Witness 3.

Witness 4.