

Building Policy

BUILDING POLICY



**Policies and Procedures Manual
For New Construction, Renovations,
Additions and Maintenance of Building Projects**

Development Society for Poor (DSP)

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**Policies and Procedures Manual for New Construction, Renovations,
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Guiding Theological Principles

UNION LABOR

In 1891, Leo XIII's *Rerum Novarum* proclaimed that workers have a right to form and join unions and engage in collective bargaining; reaffirmed in 1986 in The NCCB Priest's Letter, *Economic Justice of All (EJA)*: "The Church fully supports the right of workers to form unions or other associations to secure their rights to fair wages and working conditions" (EJA, 104).

LIVING AND JUST WAGES

Papal teachings also called for commitment to "living" and "family" wages. "The dignity of workers also requires adequate health care, security for old age or disability, unemployment compensation, healthful recreation and leisure, and reasonable security against arbitrary dismissal" (EJA, 103).

WORKER RESPONSIBILITY

Unions and workers have responsibilities as well: "workers must use their collective power to contribute to the well-being of the whole community and should avoid pressing demands whose fulfillment would damage the common good and the rights of more vulnerable members of society" (EJA 106).

LAY PARTICIPATION IN THE CHURCH

The Second Vatican Council called upon lay Catholics to become more active in the life of the Church. Pope John Paul II's *Christifideles Laici* ("On the Vocation of the Lay Faithful in the Church and in the World," 1989) addresses this call for lay participation in the Church, especially their role in the local parish.

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The Bishops further write: “The obligation to sustain the Church’s institutions . . . falls on all the members of the community because of their baptism. . .” (EJA: 351).

STEWARDSHIP OF RESOURCES AND CHURCH AS ECONOMIC ACTOR

“Although it is a moral and legal fiduciary responsibility of the trustees to ensure an adequate return on investment for the support of the work of the Church, their stewardship embraces broader moral concerns” (EJA: 354).

In the Ethical and Religious Directives for Catholic Health Care Services, (NCCB, 1994), Catholic institutions are directed to “be responsible stewards of the . . . resources available to it” (ERD, Directive 6).

“Although all members of the Church are economic actors every day in their individual lives, they also play an economic role united together as Church.

On the parish and diocesan level, through its agencies and institutions, the Church employs many people; it has investments; it has extensive properties for worship and mission” (EJA, 347).

Based on various documents of the Church calls for more participation in the economic life of society of racial minorities. Through the National Catholic Inter-Racial Conference’s “Project Equality” Catholic parishes and institutions have utilized their economic resources to invest in financial institutions which promote Community Reinvestment, and attempt to purchase goods and services from minority owned businesses (racial minorities, and women owned). It is a goal of this policy to attempt to include as many qualified minority owned businesses in the rehabilitation and construction projects sponsored by parishes and institutions.

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Members of Building Commission:

Mrs. K. Thomasamma
President

Fr. K. Rayapu Reddy,
Executive Director

Mrs. Mary Ruby Star

Mrs. Rani

Mrs. Allam Mary

Mr. Bala Kiran

Mr. Showreddy

Mrs. Anitha

INTRODUCTION

Development Society for Poor (DSP), with the support of the Executive Board, had promulgated various policies and related procedures for New Construction, Renovations, Additions, and Maintenance Projects (collectively referred to herein as Projects).

The purpose of this document is to establish policies and procedures for those engaged in the development and execution of Projects in the Diocese of Guntur - Development Society for Poor (DSP).

The Society Building Committee has reviewed these policies and procedures. The Committee membership includes General body members of the society and construction professionals with significant experience and technical expertise in the successful performance of capital projects. The Committee provides general advice in the development of policies and procedures and makes recommendations to the Executive Director regarding Projects in Development Society for Poor (DSP).

Development Society for Poor (DSP) Fiscal and Administrative Services Office are a key resource in the review of cost and operating projections and of project finance. The office also can assist in any capital campaign tracking and investment of campaign receipts.

It is from this point of view that the Building Policy gains significance. I congratulate Mrs. Ruby Star the DSP Project Manager for Building Constructions and the members of the Building Commission who have painstakingly prepared and documented the Building Policy for Development Society for Poor (DSP).

Constructing new buildings, renovating and maintain the old ones for apostolic purposes, call for a process of personal and collective

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discernment. This process involves an inner freedom to take decisions and make choices without any personal agenda. This process of decision making is also inclusive and participatory, which has the larger vision of the ministry for many years to come. I would like to insist upon the Society's Way of Proceeding in building construction and other related matters. It has been observed that wherever and whenever the procedure has been in conformity with the Society's way of functioning, there has always been a sense of achievement and unparalleled joy to share with one another. On the contrary, any constructions ignoring the Society's Way of Proceeding have always resulted in uncomfortable situations.

Taking into consideration the above sentiments, the Building Commission deserves our sincere thanks and congratulations. I have been part of most of their meetings, which are often arduous and monotonous. Their task is also difficult as they have to visit the sites to ensure the right spot for building constitution and adhere to quality building practices. In order to do that, one has to be constantly connected with the contractors and other concerned persons.

This remarkable document will facilitate a better planning, execution and management of the dreams that Development Society for Poor (DSP) has for making its units and different institutions vibrant and apostolically efficacious.

Fr. K. Rayapu Reddy
Executive Director

**Guidelines for Constructing Buildings through Development Society
for Poor (DSP) (GDSS & WS)**

1. General Information:

BUILDING

Building is a permanent and all weather structure that services a myriad of purposes from human use or occupation, schools to educate children, orphanages to house orphaned children, hospices, rest houses for the elderly, training halls to impart different vocational trainings, community halls for the conduct of marriages, receptions, festivals, cultural activities, factory or workshops, warehouses, cyclone shelter for the safety of victims during natural and man-made calamities, etc. These buildings come in a variety of sizes and designs. A wide number of factors are in the play from quality building materials to weather conditions, to land prices, ground conditions, specific uses and aesthetic reasons.

Buildings serve several needs of society – primarily as shelter from weather, security, living space, privacy, a place of comfort and safety, to store belongings, and to comfortably live and work. The practice of designing, constructing, and operating buildings is most usually a collective effort of different group of professionals, developer, surveyor, construction manager, architects, engineers and contractor.

These buildings prove harsh and harmful to human lives and properties if not properly undertaken. Scientific and sustainable planning, quality construction materials, sound building practices and skilled workmanship is the hallmark to prevent unfortunate incidences. This building policy is gains relevance in the present context.

Housing for the urban and rural poor

Hordes of small and marginal farmers and agricultural laborers from different villages due to the recurring failure of agriculture migrate to towns and cities in search of employment making urbanization a defining characteristic of the future. India is in the midst of a rapid transformation from a predominantly rural to an urban society. In fact, the urban population has grown by 3.35 percent a year since 2001. Currently, 31 percent of the total population resides in the towns and cities of the country. It is estimated that the population of cities will witness a net increase of 900 million by 2050. The number of cities and towns has grown significantly in the recent decades. The number of towns increased from 2,774 in 2001 to 7,935 in 2011.

The general trend towards urbanization shows considerable disparity amongst various States/Union Territories (UTs) of India. Whereas, states such as Gujarat, Goa, Punjab, Karnataka, Maharashtra and Tamil Nadu have attained over 35% urbanization, states like Bihar, Himachal Pradesh, Jharkhand, Odisha, Rajasthan, Uttar Pradesh etc. have low rates of urbanization.

This rapid pace of urbanization in turn translates into increased demand for Construction facilities and related infrastructure. At present the urban centres are ill-equipped to cater to the Construction demand and lack the necessary preparedness to address any future demands too. The lack of cost-effective Construction is one of India's most pressing developmental problems. The existing Construction shortage is 1.878 crores. 96 percent of this pertains to the economically weaker sections and lower income groups. 22.7 lakhs households living in obsolescent houses and 10 lakh lives in non-serviceable kutchha houses.

Ten states including erstwhile Andhra Pradesh contribute to about 75% of the total urban Construction shortage in India. Andhra Pradesh also contributes to the Construction shortage of the country. The erstwhile

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Andhra Pradesh has a Construction shortage of 12.7 lakhs which is expected to increase to 37 lakhs by 2030.

As a result, there has been an increased incidence of the development of slums and squatter settlements with wider ramifications on the health, safety and well-being of the citizens. With the all-round increase in cost of land, building materials, labor and infrastructure, affordable Construction has become a distant dream for the economically weaker sections. Hence we need the Construction policy.

The Policy adopts a citizen centric approach that places the end-user at the centre of the planning and construction process. It advocates the provision of a carpet area of 30-60 sq.m area for Construction a family of 4-5; with differential financing models for different economic brackets.

Policy Vision

To provide affordable constructions that reflects social, economic, physical, cultural and emotional needs of the poor family to live with dignity, comfort and security.

Objective

The main objective is to create an enabling environment, addressing the shelter needs of the poor ensuring that all the constructions have access to basic physical and social infrastructure like sanitation facilities to discourage open defecation, drinking water, electricity, roads and other livelihood infrastructure for decent living.

Human being has an inalienable right for a strong durable construction with water supply, toilet facilities and 24x7 electricity supply and access. A building should comply with all the minimum standards such as good quality and design, strong foundation, adequate ventilation, plumbing, and electrical connectivity, etc. It should promote overall health for its occupants. A building is to be energy efficient and extremely resilient in

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the face of climate change, prevent a wide range of diseases, injuries and assure safety from natural calamities.

Development Society for Poor (DSP) will decide to go in for the constructions only after factoring in all these key measures and puts forward a proposal to the Executive Board of DSP, headed by the President. The proposal will be deliberated by the members during the executive board meeting and after having heard all the opinions of the members the President of DSP, will give his seal of approval to move forward. Once the President permits the construction, a trustworthy and competent engineer will be selected, who will develop a draft of the plan and budget for the construction. Rev. Fr. K. Rayapu Reddy, the executive director, will draw out a contract agreement with the concerned engineer with the terms and conditions. The contract will be signed by the executive director and the engineer. A copy of which will be retained for the office records while making a copy available to the engineer. In case of breach of the terms and conditions, the engineer will be dealt with legally and practically following the terms and conditions of the contract.

The engineer will oversee the day to day management of the construction and technical advice on the qualitative and quantities aspects of the construction. He will be assisted by the project construction coordinator, who will personally inspect, supervise and guide the construction work in progress.

2. Structure of Stability:

The Principle of Inclusiveness forms the core of the Policy, with the belief of 'leaves no one behind'. This principle of access will guide the implementation to ensure that the goal of construction is met. Integration between construction, basic amenities, livelihood and community infrastructure and natural resources will promote access, thus promoting a better standard of life and reducing vulnerability.

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The Policy lays emphasis on Principle of Appropriate Design, taking into consideration cultural, geo-climatic and environmental concerns of Construction and habitat design so interventions are functionally useful and sustainable for the user and community. It lays emphasis on the construction of a building that is culturally acceptable, durable, safe, healthy and sustainable.

3. Capacity Building for the Project Personnel:

Capacity building of the project personnel is essential to ensure that the implementation of the policy is seamless. Capacities should be built in terms of identification and selection of beneficiaries, understanding implementation procedures, accounting and reporting of the project.

4. Community Participation:

Community will be organized into committees that will be involved in the entire project cycle, from planning, implementation, monitoring, review and evaluation. Including the beneficiary community in all levels of participation in the project ensures the achievement of the objectives and established benchmarks guarantee transparency in the system.

5. Monitoring and Evaluation:

Monitoring and tracking of both physical and financial targets and achievements are crucial. In keeping with the spirit of accountancy and transparency, progress of physical and financial targets is submitted to the executive board and the project funding partners every three months of the project period will be mandatory.

Benchmarking areas and establishing performance based indicators is a pre-requisite to monitor the level of progress. This should be done for the assets created as well as operation and maintenance of these assets. The mechanism would help ensure that the incentives provided to both the developers/suppliers and the buyers are correctly targeted and utilized.

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Post Occupancy Review or evaluation is to be conducted to understand end user's perspective and levels of satisfaction with respect to the physical targets achieved.

Social audits conducted during the entire project cycle will ensure transparency and accountability.

On the completion of the construction work before taking the complete possession of the building, the executive director will carefully examine to confirm that all the specifications of the contract plans followed, materials utilized in construction, etc. have been met. The executive director should ensure that the final payment is not made until everything is satisfactory fulfilling the established terms and conditions of the contract.

6. Function of DSP in Construction Activity:

The DSP coordinates and supervises all the construction activities under the guidance and supervision of the engineer, as a person in-charge to oversee the day-to-day management of the construction activity.

The Project Coordinators of DSP will personally inspect, supervise and guide the construction work in progress or assign another member to carry out this responsibility in his absence or inability to do so.

No individual or Institutions can make alteration or change in the approved construction plan without reference to the project funding partner. The individual must put forward their suggestions for change, modification or alteration in the building plan to the executive director, who in turn seeks permission the project partner.

It is only the executive agency, who can take appropriate decisions on the proposed change, modification or alteration after necessary evaluation and assessment of the matter with the approval of the funding partner.

7. Procurement Procedures:

- a) The project partner guarantees that rules and procedures applicable to property, supply, work and service contracts financed by the donor are respected.
- b) If any requirements stated in the procedures cannot be respected or any derogation from the general rules are subject to prior written approval. Under no circumstances are derogations from the rules acceptable without prior information and approval.
- c) If goods and services are procured locally/regionally, at least three comparable tenders/quotations to be obtained before finalizing the vendor. The contract must be awarded to the most favorable bidder. Deviations must be justified. A bid analysis has to be submitted to funding partner.
- d) A document related to the process of procurement should be submitted to the donor.
- e) The quantities specified in the budget may not be exceeded without prior consent of the donor.

8. Administrative Guidelines:

The project partner must inform the donor immediately of any significant events within the project which may affect the budget, and achievement of goals

The project partner shall grant the donor or the persons designated by the donor access to on-site measures for examining the administration of the project.

9. Financial Administration:

- a) The bank account specified in the FCRA must be used for managing project funds.
- b) Project funds shall be utilized to meet specifically project expenses as per the project approved and funds should be used efficiently and

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economically. All vouchers and bills are to be strictly maintained and kept in order for examination.

d) The disbursement of funds is made only for payment obligations, which have been incurred during the allocation period. The apportionment of the budget must be observed at all costs.

e) Budget revision may be applied only during the allocation period and shall become effective only after the donor gives written consent.

f) The partner shall ensure that the project funds are accounted separately for each project with proper vouchering. Proper documentation should be kept for project transactions and maintain suitable book of accounts for the Project Funds in accordance with generally accepted accounting practices. The partner shall prepare financial reports based on the books of accounts.

10. Payment procedures:

The bills for payment submitted by the engineer must first be signed by the executive director, who is the person in-charge of the construction at the local level.

When the construction work is over and before taking the complete possession of the building, the executive director will carefully examine to confirm that all the specifications of the contract plans followed, materials utilized in construction, etc. have been met. The executive director should ensure that the final payment is not made until everything is complete as per the terms and conditions of the contract to the satisfaction of the Owner. A 15% of the total is retained to be paid after a lapse of six months against construction stability.

The payment schedule will be as follows:

1st installment on completion of up to the Plinth level,

2nd Installment on completion up to roof level,

3rd installment on completion of roof casting,

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4th installment on completion of plastering of walls,

5th Installment on completion of Flooring, fixing doors, windows and corridor grills

6th installment on completion of painting outside walls, white washing inside walls, and fixing of fixtures, plumbing and electrification

The accuracy of each bill is to be verified and certified of the same and approved for payment. If the quality of work is unsatisfactory; the payment for the work is to be withheld until the work is completed satisfactorily.

The engineer has agreed to use standard materials and steel, etc. for construction purposes in accordance with the specifications. The use of any substandard materials contrary to the ones specified will be compensated by him. Similarly, the engineer has agreed to use standard material for electrification and sanitary fittings and material certified as sub-standard shall be replaced by proper fittings.

No payment made by earlier during the progress of the construction shall be construed as either approval or acceptance of any sub-standard or defective work or material used for the construction.

That all works and all materials delivered and kept on the premise to form part of the work shall be considered the property of the institution and shall not be removed without his consent till the completion of the said works.

The balance of 25% of the retention money shall become payable to the contractor after the lapse of a period of 12 months after the completion of the said works towards structural stability.

The insurance and compensation to be paid to the workers in case of accidents as well as payment of Provident Fund to the workers are the responsibility and liability of the engineer.

The engineer shall be responsible for injury to persons, or things and for all structural damages to the property which may arise from the operation or

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neglect of the engineer or his employees, nominees, sub-contractors, whether such injury or damages arise from carelessness, accident or any other cause whatsoever in any way connected with the carrying out of construction pursuant to these presents.

11. Role of Government:

The Government will support the project by providing grants to construct affordable Construction projects under various schemes for the urban and rural poor to provide them strong and hygienic Construction and enhance their social and economic conditions.

Ensure that 25% of the Government made available for the construction of houses for the below poverty line and economically weaker sections of the community.

Encourage NGOs; self-help groups in Construction activities & involve them in micro finance to assist the end users meet cost of dwelling units.

12. Role of DSP:

Selection of end users through Government-based documentation such as caste certificate, Aadhaar card, income certificate to qualify for participation in the project;

If the beneficiary/beneficiaries are victims of disaster the name is to appear in the government list;

Assistance in transparent allotment process based on the guidelines;

Ensure provision of physical & social infrastructure in affordable Construction projects;

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The buildings should be designed and constructed using proven, safety and alternative construction technologies. Sustainable building materials should be procured from local entrepreneurs;

Disaster resilient construction and land use planning should be observed and enforced. Emphasis should be adoption of low cost, disaster resilient technologies.

13. Reporting:

The project is to be reported during the interim period for every three months regarding the progress of the project activities and the amount spent.

The final narrative and financial reporting should include:

- A summary of the main events such as the starting date of construction work, alterations effected and difficulties met, if any, and the date of completion;
- A statement of the engineer confirming conformity of the construction with the approved building plans and approved alterations, if any;
- Photographs of the completed buildings, including
 - General view (if possible);
 - One view of each side of the larger buildings (front, rear and sides);
 - Pictures of some typical rooms inside.

14. The final Statement of Receipts and Payments:

Showing all building costs incurred, itemized according to Project Contract. 'Cost plan' and the Detailed Breakdown of the Cost Plan, and duly examined and certified by an independent auditor on the basis of the standard auditing contract.

15. Sustainability:

The Policy promotes the principle of sustainability and seeks to guide sustainable development with a view of ensuring equitable supply of land, shelter and services at affordable prices. Sustainability as a driving principle of the Policy lends focus aspects of the triple bottom line, i.e. economic viability, social equity, and environmental quality in the short and long term. It involves optimal utilization of social, natural, human, and financial resources. It addresses the issues of resource scarcity and responds to challenges of intergenerational equity by reducing rate of physical resource depletion and raising resource productivity while reducing the negative impacts on the environment. Safe and adequate shelter with health, hygiene and sanitation promotes sustainability among families for a happier and healthier living.

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Appendix – 1

CONTRACT

THIS CONTRACT is made at Rentachintala on theday ofMonth, Two Thousand and

BETWEEN

DEVELOPMENT SOCIETY FOR POOR (DSP), a Society registered under the Societies Registration Act, XXI of 1860, bearing registration no. 876/2005 dated 29th December 2005 of Guntur, having its registered office at Rentachintala, Post & Mandal, Guntur 522 429, Andhra Pradesh, South India, through its Executive Director, at present being Fr. K. Rayapu Reddy, hereinafter called the OWNER, (which expression shall unless excluded by or repugnant to the context be deemed to mean and include its successors-in-office, legal representatives, administrators, executors, assigns and all persons claiming through it) of the ONE PART,

AND

(Name), son of,
(Address),
PAN No....., hereinafter called the **CONTRACTOR**, (which expression shall unless excluded by or repugnant to the context be deemed to mean and include his/its theirs, legal representatives, administrators, executors, assigns and all persons claiming through him) of the OTHER PART.

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WHEREAS

1) The OWNER is desirous of constructing as per the building plans, approved by the Building Committee of the OWNER,

2) The plan and lay-out of the construction of the said building to be constructed has received approval from the relevant public Authorities,

3) The CONTRACTOR has offered to construct the said building according to the plan on the terms and conditions hereinafter appearing, NOW IT IS AGREED BETWEEN THE PARTIES AS UNDER:

(1) That the CONTRACTOR hereby agrees to construct the building forat the rate of Rs.(.....) per sq. ft. for the total built up areasq.ft.. which comes to Rs.(.....) only in respect of the (in accordance with the building plans annexed hereto and marked as Annexure-A, (specification of the building) strictly in accordance with the specifications and conditions of contract set out in Annexure-B (Blueprint-Engineering Plans). Besides the classrooms, the agreed toilet block construction Building Policy of Guntur Diocese Social Service and Welfare Society estimated cost is Rs.(.....) only.

(2) M/S. has prepared the scale sketch of the building has to be followed strictly. The members of the building committee, on behalf of the OWNER, to supervise the construction as per the specification and estimates prepared and it is an express stipulation of this contract.

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(3) The said works should commence within one month from the date of this contract and the CONTRACTOR will abide by the directions of the Supervisor / Site In-charge / OWNER'S representative, during the progress of the said works and will complete the said works agreed to be done on or before the expiry of months from the date of execution (.....) of these presents. The CONTRACTOR undertakes that he will execute the said works in the best and soundest way and in the most economical manner always keeping mind the interest of the OWNER.

(4) The CONTRACTOR agrees that he alone is responsible for obtaining controlled goods, licenses, permits and other papers necessary for the purpose of construction of the said works as well as those documents as would be required after completion of the said works.

(5) The total cost of construction, quoted in this contract, is final and on no account will an increase in costs /rates be allowed.

(6) The CONTRACTOR could receive from the OWNER the sum of Rs./- (.....) as mobilization advance which shall be deducted from the payment made to the CONTRACTOR from the running account bills, beginning from the very first Installment as specified in these presents herein below and if need be from the successive installments till such an advance has been fully repaid.

(7) The OWNER agrees to pay to the CONTRACTOR for the said construction the agreed amount of Rupees (.....), in installments.

1st installment on completion of up to the Plinth level,

2nd Installment on completion up to roof level,

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3rd installment on completion of roof casting,

4th installment on completion of plastering of walls,

5th Installment on completion of Flooring, fixing doors, windows and corridor grills

6th installment on completion of painting outside walls, white washing inside walls, and fixing of fixtures, plumbing and electrification, clearing the work debris at the work sites, and handing over the said works.

(8) The Site In-charge / OWNER'S representative will verify the accuracy of each bill, certify the same and approve the bill for payment addressed to the OWNER'S Treasurer. In the event, the OWNER is not satisfied with the quality of work / workmanship; the right to withhold payment for such portion of the work vests with the OWNER till such work is completed satisfactorily.

(9) The CONTRACTOR has agreed to use standard materials and steel, etc. for construction purposes in accordance with the specifications. The use of any substandard materials contrary to the ones specified should be compensated by him. Similarly the contractor has agreed to use standard material for electrification and sanitary fittings and material certified as sub-standard shall be replaced by the proper fittings.

(10) No payment made by the owner earlier during the progress of the construction shall be construed as either approval or acceptance of any sub-standard or defective work or material used for the construction.

(11) That all works and all materials delivered and kept on the premise to form part of the work shall be considered the property of the OWNER, and shall not be removed without his consent till the completion of the said works; but the CONTRACTOR shall have the right to remove all surplus materials after the completion of the said works.

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(12) The OWNER shall withhold **5%** of each bill as Retention Money of which **50%** shall be paid to the CONTRACTOR on completion of the said works and upon the Site In - Charge / Supervisor / OWNER'S representative certifying the work as complete. The balance of **50%** of the retention money shall become payable to the CONTRACTOR after the lapse of a period of **12** months after the completion of the said works. There will be the deduction of TDS at the rate of **1%**.

(13) The insurance and compensation to be paid to the workers in case of accidents as well as payment of Provident Fund to the workers are the responsibility and liability of the CONTRACTOR.

(14) The CONTRACTOR shall be responsible for injury to persons, animals or things and for all structural damages to the property which may arise from the operation or neglect of the CONTRACTOR or his employees, nominees, sub-contractors, whether such injury or damages arise from carelessness, accident or any other cause whatsoever in any way connected with the carrying out of construction pursuant to these presents.

(15) The CONTRACTOR shall indemnify the OWNER against any excess cost of construction over the estimated cost or any loss, damage, litigation occasioned by labour trouble / strike or accident. The CONTRACTOR is solely responsible for all such liabilities.

(16) That in case the CONTRACTOR shall, at any time, in the opinion of the OWNER or his Supervisor neglect willfully or otherwise to carry on or perform any portion of the said works required by this contract, endangering safety and proper construction and the same is not rectified subsequently even after reminders from the Site In-Charge or his Supervisor or OWNER'S representative and renders likelihood of damage and injury to life and property, then the OWNER shall have the right

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forthwith, and without notice to the CONTRACTOR, to get such defect rectified; and the expense and cost thereof shall be a charge against the CONTRACTOR, to be deducted from his payment or moneys due or subsequently becoming due under this Contract and the decision of the OWNER in all such instances shall be final, conclusive and binding upon the CONTRACTOR. But no action so taken by the OWNER shall release the CONTRACTOR from any or all consequences, which may have arisen and or may arise owing to such neglect willfully or otherwise.

(17) The CONTRACTOR shall indemnify and keep the Owner harmless against any claims, damages, demands, actions or proceedings that may be made or adopted against the OWNER or that may be suffered by the OWNER by reason of anything done by the CONTRACTOR pursuant to any work done by them in execution of the said works.

(18) The CONTRACTOR shall not assign, sub-let or transfer his interest in this agreement without the written consent of the OWNER.

(19) The CONTRACTOR shall afford every reasonable facility to the Site In-charge / Supervisor or representatives of the OWNER for inspection, checking or otherwise, to the site to enable them to find out the actual carrying out of works in the manner laid down in these presents.

(20) That if the said works to be done under this contract shall be abandoned or sub-let by the CONTRACTOR in contravention of the terms and conditions specified or if the CONTRACTOR refuses or neglects to supply sufficient workmen of proper skills and materials of quality or fails to execute the said works with promptness and diligence or delays unnecessarily or unreasonably in performing the contract or willfully violates any of the terms and conditions of this contract or executes the same negligently and carelessly, the OWNER shall intimate by notice in writing to the CONTRACTOR to discontinue the said works or any part

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thereof under this contract, and thereupon the CONTRACTOR shall discontinue the said works or such part thereof, and the OWNER shall have power to enter into a fresh contract with another person in respect of the same for the completion of the contract; and the CONTRACTOR under this contract shall have no claim or demand on the unpaid balances if any and shall forfeit claims to any moneys retained; and no moulds, models, centre scaffolding, planks, tackle, implements, power plants or building materials of any kind belonging to or used by such a CONTRACTOR shall be removed so long as the same will be needed for the completion of the said works thus contracted.

(21) Either of the parties have the right to terminate this agreement upon giving a month's notice in writing of their intentions without assigning any reasons. Upon such notice by the OWNER, the CONTRACTOR shall be entitled to such payments for works done up to that date after the approval of the Site In-Charge or Supervisor or OWNER'S representative.

(22) If and when the CONTRACTOR neglects to or refuses to do, execute the construction as per this agreement or if he is adjudged an insolvent the OWNER on proper notice is entitled to terminate the contract and take possession of the premises with all machinery, tools and materials and also work out his rights against the sureties / insurers or Bank guarantors, as the case may be.

(23) Time shall be considered as the essence of this Contract and the CONTRACTOR hereby agrees to work in accordance with the conditions laid down in these presents and to complete the said works within the specified period, except that the CONTRACTOR shall not be made liable for delay in work on account of Force Majeure, natural calamities, such as earthquake, fire, riot, etc.

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(24) If for any reason the time of the completion of the said construction is not extended by the OWNER and the delay of one month is caused by the CONTRACTOR or person working under him like sub-contractors, engineers, overseers, labourers, the Contractor shall pay the owner 0.02 percent of the total cost of contract for every day of the delay as liquidated damages (not as penalty) and the OWNER will be at liberty to deduct the said amounts from any amount due from the CONTRACTOR to the OWNER.

(25) The OWNER reserves to himself the right of altering the drawing and nature of the work by adding to or omitting any item of the said works or having portions of the same carried out without prejudice to this contract. If additional items of the said works, not stated in the Annexure A and B, are to be performed by the CONTRACTOR, the rate for such items shall be fixed after proper consultation with the OWNER.

(26) No alteration of the plan or construction shall be made or extra work done except on the written consent of the OWNER and certification by the Engineer / Architect /Supervisor.

(27) As and when extra work or alteration in the plan is required, a separate mutual agreement between the OWNER and the CONTRACTOR shall be entered into and if they are unable to agree to the terms, a referee may be appointed and the parties shall abide by his opinion.

(28) Any claim for extra payment of additional charges and compensation for extra work or alteration shall be void unless expressly agreed to by the OWNER in writing.

(29) Similarly, the time for completion may be extended by mutual agreement or by reference to the Engineer /Architect or Supervisor.

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(30) Income tax deductions will be made in the CONTRACTOR'S bills, as per the Income Tax Act, based on the bill value.

(31) On the completion of the construction and within one month thereafter all payments and accounts would be settled between the OWNER and the CONTRACTOR. The OWNER shall pay to the CONTRACTOR the then unpaid amounts and balance if any, as per paragraph (7) and paragraph (12) hereinabove.

(32) The Contractor will not be entitled to the final payment or any unpaid balances unless and until the Contractor delivers to the Owner satisfactory releases and waivers of claims, of sub-contractors, labourers and material dealers, in connection with the performance of the contract of construction.

(33) When the CONTRACTOR accepts the final payment as per this contract such payment shall operate as complete release to the OWNER of all liabilities and the CONTRACTOR for all things done or furnished relating to the said works, or for any act or omission on the part of the OWNER.

(34) If any dispute should arise as to the final payment, the dispute may be referred to Arbitrators chosen by the respective parties and if the Arbitrators fail to agree, the matter of dispute may be referred to an Umpire chosen by the Arbitrators and the decision by the Arbitrators or the Umpire shall be binding on both the parties to this contract. The provisions of the Arbitration and Conciliation Act, 1996 shall apply to the arbitration matter.

(35) The CONTRACTOR is liable for a period of **12 months** from the date of the completion of the building for any defects that may arise out of faulty workmanship or materials, and the same may be rectified by the OWNER out of the sum of money withheld from the Contractor as Retention Money.

Building Policy

(36) The CONTRACTOR agrees to pay the local wage rate in full to the construction workers, as per the provisions of the relevant Labour Laws, and he agrees to be entirely liable and responsible for the same and shall keep the OWNER indemnified.

(37) Should the CONTRACTOR fail to complete the contract, he shall forfeit all claims of compensation.

(38) This Contract shall be governed by and construed in accordance with the Laws and Regulations for the time being in force in the Republic of India. The Jurisdiction shall be Guntur District in the State of Andhra Pradesh.

In witness whereof the parties aforementioned have signed this deed on the dayand yearfirst above written in the presence of witnesses.

Signed:

OWNER

CONTRACTOR

In the presence of Witnesses: Name/signature and Address

1.

2.

Appendix - 2
Work Order

Project name:

Address:
.....

Subject: Work Order for the above-mentioned Project

Dear,

On the basis of our contract signed, herewith we give you the Work Order of the above-mentioned project to start from (date)

This is also to remind you to honour the agreement signed between the two parties in toto and complete the work within the given timeframe.

Thank you!

(For Development Society for Poor (DSP))

Name & Signature

(Building Coordinator)

Mrs. K. Thomasamma
President
Development Society for Poor,
Rentachintala, Guntur, India