



Empowered Committee of State Finance Ministers, India

(Ministry of Finance, Government of India)

RFP DOCUMENT

For

**Advisory Services for Computerization of the VAT departments in the states of
Jammu & Kashmir and Himachal Pradesh**

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1. Intent

The Govt. of India through the Empowered Committee of State Finance Ministers (EC) has decided to assist the VAT departments of the states of Himachal Pradesh and Jammu & Kashmir. All funding for the purpose would be made available by the Govt. of India through the EC. The Empowered Committee would now like to appoint a consultant to carry out activities detailed out in the latter part of this document for early computerization of the VAT departments of these two states. The assignment is expected to commence by November 15, 2005.

2. Background

2.1. Commercial Taxes Department in J&K

The Commissioner Commercial Taxes heads the Department of Commercial Taxes. There are two Additional Commissioners of commercial taxes heading each division besides one Additional Commissioner in charge of VAT at the Head Office. There are three Deputy Commissioners (DC – HQ, DC – Judicial, DC – Check post) associated with the commissioner's office.

In both the divisions of Jammu and Kashmir there are the following Deputy Commissioners – DC- Recovery, DC-Appeals, DC-Audit, DC-Vigilance and Inspections and DC – Stamps – who are responsible for the audit of all the cases. The office of the Commissioner shifts from Jammu to Srinagar for a period of six months during summer. The circle offices are the root operating offices and are headed by the Excise and Taxation officers who directly report to the additional commissioner heading each division. The Excise and Taxation inspectors at each circle office report to the Excise and Taxation officers.

Other than the train and air links, Jammu and Kashmir state is unique in having only one major entry / exit point at Lakhanpur (in Kathua district), which serves as the gateway to the State so far as surface transportation is concerned. As the major portion of trade goods find entry and exit in and from the state through the Lakhanpur Check post, the geographical advantage of single entry / exit point makes the monitoring and regulation of trade goods convenient and meaningful.

The inter division movement of goods is monitored through establishment of Check Posts at Lower Munda (in Anantnag district) which connects Kashmir with Jammu division) and at Sonamarg (in Srinagar district) which connects districts of Leh & Kargil with the rest of the State.

2.1.1. Current level of computerization

The state Commercial Taxes offices do not have any integrated application at present. There is also no inter-connectivity between the various offices of the Department.

Commercial Taxes office at Lakhanpur has been computerized to record the transactions related to commodities being entered and going out side the state. At present a legacy application developed in Foxbase+ and running under Unixware 7 platform is being used at the Lakhanpur check post. There are 2 servers, one of which is kept as a standby machine. There are 16 dumb terminals being used for data entry of ST-32, challans and invoices. This software was designed about 7-8 years ago and is operational on UnixWare 7 and FoxBASE+ with following modules:

1. RC (Registration Certificate) related Query Module
2. ST-32 (Way Bill) Data Entry
3. Report Generation Module

2.2. Structure of the Commercial Taxes Department in Himachal Pradesh

The Commissioner of Excise and Taxation heads the Department and he is assisted by Additional Commissioners and Deputy Commissioners. The state has three zonal offices and the district offices come under the zonal offices. Dealer's registration and return filings are done at district and circle level offices.

2.2.1. Current level of computerization

The department has barrier application running at present which is generating STXXVI at the barrier and another application helps in capturing dealer's return details. Both applications are currently working in a decentralized manner. The department has its own website which provides information including notifications, downloadable forms and tenders. There is no existing network between the offices of the Commercial Taxes department in the state.

Summary data sheet for Himachal Pradesh and Jammu & Kashmir

Sl. No.	Item	J&K	HP
1	Total number of HQs	2 (Jammu & Srinagar)	1 (Shimla)
2	Total number of circles	46	25
3	Total number of check posts/barriers	15	37
4	Number of dealers in the state at present	31000	30000
5	Approximate number of users	500	250

2.3. Main features of the proposed computerization

A broad overview of the envisaged computerization is described below:

- Registration of new dealers, porting of existing dealers, de-registration and updating of information
- Collection of returns from dealers, recovery of pending dues from major tax defaulters
- Creation of additional liability through assessment/audits
- Operation of barriers
- Analysis of dealer data to detect non-compliances
- Reconciliation of liabilities and payments for each tax period and recovery/refund of the balance
- Legal matters/court cases
- Inspections and conducting raids to check evasion of tax
- Policy matters with respect to functioning of the department

The department envisages a computerized environment which would be characterized by:

- A centralized database with Web-enabled clients
- Interfacing with banks so that details of payments deposited through challans by dealers can be directly uploaded to the database
- A functional web-site which would provide for:
 - Online filing of returns
 - Applications for change in business, cancellation of registration, issue of duplicate certificates and issue of forms
 - Enquiry about the status of various applications
 - Static and dynamic pages
 - Provision for PKI enablement
 - Provision for e-Debit through designated banks

3. Objective

EC wishes to seek assistance from a consultant with a view to meet the objective of computerization of the business process and robust decision-making tools for the new VAT in the states of Himachal Pradesh and J&K.

The key objectives are to:

- Assess existing IT systems and identify improvements/changes required in the systems in light of the new VAT regime
- Propose quick improvements in the key IT systems so as to operationalize the IT systems by April 2006 in line with the new VAT business procedures
- Build cost-effective solutions that build around the extensive IT systems already setup by the

Government.

- Assist the Government in developing an implementation strategy for minimizing IT migration issues and operationalising the IT systems within stipulated timelines.
- Build robust MIS tools and other relevant decision-making tools for the new VAT regime.

4. Scope of Work

The scope of work for the consultant covers the following broad areas:

- Conduct a current state assessment at the offices and barriers of the Commercial Tax Departments in both Himachal Pradesh and Jammu & Kashmir
- Study the requirements for software and IT infrastructure, specifically hardware and networking for the states of Himachal Pradesh and Jammu & Kashmir for VAT computerization
- Prepare a suitable Request For Proposal (RFP) to be issued to the prospective Managed Service Providers (MSPs) for software, hardware and networking for Himachal Pradesh and Jammu & Kashmir
- Assist the EC in evaluating the eligibility and selection of the MSP for software, hardware and networking
- Overall program management of all the stages of the IT infrastructure development and Software Development Life Cycle ending with the implementation of the VAT computerization in both the states
- Conduct audit of the implementation of computerization in the states of Himachal Pradesh and Jammu & Kashmir
- Assist the states in resolution of technical problems and issues related to VAT business procedures whenever required
- Manage the project risks and provide assistance in ensuring quality and timeliness of the project deliverables

The detailed tasks in each of these areas are elaborated below in detail.

4.1. VAT Computerization tasks

The tasks of the VAT computerization consultant will include but not be limited to the following:

Task 0: Current state assessment

The consultant will visit and conduct a current state assessment of the existing infrastructure at the various offices and check posts in the states of Himachal Pradesh and Jammu & Kashmir and understand the peculiarities and challenges in implementation in the unique geographies of the two states.

The consultant will study the current state of computerization in the states of Himachal Pradesh and Jammu and Kashmir and also assess the requirements of the state with respect to software, hardware, security and network infrastructure required for computerization of the commercial taxes departments of Himachal Pradesh and Jammu & Kashmir.

Deliverable:

- Report on current state assessment of computerization in Himachal Pradesh
- Report on current state assessment of computerization in Jammu & Kashmir

Task 1: Preparation of software RFP and selection of software vendor

The task begins with the creation of the RFP where the requirements of the VAT departments will be clearly defined. The consultant will identify key technology requirements to ensure that the Department benefits from a low Total Cost of Ownership of the software and also be adequately protected from obsolescence.

Additionally, the consultant will need to assist the EC in evaluating all vendor responses received using the evaluation criteria identified and make recommendations to the EC.

Deliverable:

- Request for proposal for software vendor
- Evaluation criteria for vendors

Task 2: Review of System Requirement Study

The consultant shall review the adequacy and completeness of the final SRS submitted by the software vendor to the Departments in both the states.

The consultant shall study in detail the VAT business procedures of the states and participate in the software requirements gathering sessions with the Department of Commercial Taxes in the states to ensure that the detailed functional and systems requirements specifications (“SRS”) for the IT systems developed by the software vendor are adequate and complete.

Deliverable:

- Review report on software requirements specifications developed by the software vendor

Task 3: Review of System Design

The consultant shall recommend leading practices and standards for the system design document to be developed by the software vendor and ensure its compliance with the same.

The system designed by the software vendor for implementing the VAT procedures shall be reviewed by the consultant for adequacy and completeness and improvements shall be suggested for gaps identified in the system design.

Deliverable:

- Recommendations on leading standards for system design

- Report on review of system design

Task 4: Review of Acceptance Tests Procedure

The consultant shall review the software in conjunction with the acceptance test procedures and also co-ordinate for organizing the user acceptance testing by the Department officials in the states.

Acceptance test procedure created by the MSP shall be critically evaluated by the consultant for each of the modules of the system.

Deliverable:

- Co-ordination for acceptance testing by the Department users
- Report on review of acceptance test procedures

Task 5: Audit completeness of test data

The consultant will review the test data and assist the departments in enhancing the test data to ensure that the various modules are adequately tested.

Deliverable:

- Report on adequacy and sufficiency of test data prepared

Task 6: Monitoring of testing of application software

A sound review and testing process shall be put in place by the consultants. Testing of modules for functionality, performance and security shall be closely monitored and metrics shall be tracked for defect prevention.

Task 6.a: The consultant shall also co-ordinate pilot testing of the application at five locations of different types in each state.

Deliverable:

- Review Report on User Acceptance Test Results
- Co-ordination for pilot testing at five locations of different type in each of the two states

Task 7: IT Infrastructure Plan

A detailed assessment of the current IT infrastructure shall be made by the consultant. Keeping in view the current and future infrastructure needs for application deployment and system support a detailed roadmap shall be prepared for scaling up the infrastructure in a time-bound and cost-effective manner.

A consolidated list of hardware and network requirements will be finalized in discussion with the selected IT vendor(s). A procurement plan will also be developed for the hardware and network. Response templates for information required from the hardware and network vendors with contract and service requirements will

be finalized with the department. Evaluation criteria will be identified and agreed upon with the department.

The consultant will assist the department to evaluate vendor responses and make recommendations to the department. The department will then finalize the hardware and network vendors and release purchase orders.

Deliverable:

- RFP for hardware vendor
- Evaluation criteria and response templates for hardware vendor
- Review of hardware sizing report prepared by the software vendor

Task 8: Review and verification of IT project and site preparation

The consultant shall review and report on the quality of execution at the end of each phase of the implementation and certify whether the project is in line with the requirements and timelines finalized.

Deliverable:

- Report on review and verification of IT project and site verification

Task 9: Monitor installation and commissioning of the hardware, system software and application software

Regular reviews of development and customization work will be conducted by the consultant and progress of the efforts monitored. The project progress shall be tracked against specified timelines. The consultant will flag issues and risks that arise during the installation and suggest methods to mitigate delays and implementation risks.

The consultant will assist the department in resolution of technical issues during implementation by interfacing with their technology experts. The consultant will also simultaneously develop an implementation and migration strategy for smooth transition onto the new IT systems. The consultants will assist the vendor in identifying the training programs for the users on the new systems.

Deliverables

- Periodic status reports/presentations to officials of Department identifying decision points and/or pending issues

5. Outputs and deliverables

The consultant is expected to start by the 15th of November 2005 and is required to complete the project with eight months from the date of issue of Letter of Intent.

Besides task level deliverables mentioned in Clause 4.1 of this Section, the consultant is expected to deliver

an inception report, which will fully describe the work plan and provide the instruments and tools for data collection and analysis and steps to be undertaken in this assignment. The consultant should indicate a responsibility matrix indicating the responsibilities of the consultants and the client for each of the identified activities. The Inception report should focus on updating the delivery schedule in light of the most recent information.

The deliverables shall include all the points covered in the scope of work for completeness of the task and also for achieving the objectives of this task.

6. Data Sheet

6.1. Instruction to Consultants

Clause

Ref

- 1.1 The name of the Client is: Empowered Committee of State Finance Ministers
- 1.2 The method of selection is: **Quality Based Selection (QBS)** with 75% weights for the technical proposal and 25% weights for the financial proposal.
- 1.3 Financial and Technical proposals must be submitted in separate envelopes: 2 copies of Technical Proposal (Original & Copy); 2 copies of Financial Proposal (Original & Copy)
- 1.4 Proposals should be submitted in **English**

- 1.5 a) Address for submission of bids:

The Secretary, Empowered Committee of State Finance Ministers
Delhi Secretariat, IP Extension, New Delhi – 110 092

- b) Latest time and date for receipt of Tender

On or before 15.00 hours on 3rd November 2005

- C) Time and Date of opening of Technical Bids:

Office of The Secretary, Empowered Committee of State Finance Ministers
Delhi Secretariat, IP Extension, New Delhi – 110 092
at 15.30 hours on 3rd November 2005

- D) Name of the contact person for any clarification :

Shri Ramesh Chandra

The Secretary, Empowered Committee of State Finance Ministers

Delhi Secretariat, IP Extension, New Delhi – 110 092

Tele No. Contact No. 011-233192181

E-mail : cravat@nic.in

Date till which the response to the tender should be valid:

180 days from the date of opening of the Technical Bids.

1.7 All costs should be indicated in Indian Rupees

1.8 This Tender document is not transferable.

1.8 Cost of the RFP

The RFP can be downloaded from the Website: www.statevat.gov.in. The response to the RFP should be accompanied with the cost of the RFP in the form of Bank Draft amounting to INR ten thousand only, in the name of : The Secretary, Empowered Committee of State Finance Ministers

This amount will be non-refundable.

1.9 EARNEST MONEY

The tender should be accompanied by earnest money in the form of Bank Draft amounting to INR seventy five thousand only in the name of The Secretary, Empowered Committee of State Finance Ministers.

The amount is liable to be forfeited in accordance with the provisions of tender document.

Note: The Purchaser shall not be responsible for non-receipt / no-delivery of the Bid documents due to any reason whatsoever.

6.2. Eligibility Criteria

The following are the eligibility criteria for the bidder:

- The bidder should have been in existence for a period of minimum 5 years as of September 30, 2005
- The bidder should have had turnover from consultancy services of Rs. 50 crore or more over each of the last 3 financial years
- The bidder should have prior experience in VAT computerization in minimum two or more states in India
- The firm/ company or any of the group companies / firms of the selected consultant shall not be allowed to bid for work arising as an outcome of this project. (E.g. software development, system integration, supply of hardware etc.)
- Consortium bids shall not be accepted

(Refer to Section 9 - Appendix: Appendix A)

6.3. Evaluation Criteria

2.1 Evaluation of the technical proposal

The number of points to be given under each of the evaluation criteria are:

S. No.	Criteria	No. of Points
1.	Specific experience of the firm related to the Assignment	30
2.	Adequacy of the proposed work plan and methodology in responding to the TOR	30
3.	Qualifications and competence of the key staff for the assignment	40

The Break up of Points for the various profiles is as follows:

S.No	Profile	Points
1.	Project Manager	16
2.	Business Analyst having expertise on VAT Procedure	8
3.	Computerization expert - Software applications	8
4.	Computerization expert - Hardware and networking	8
	Total marks for qualification and competence of key staff on the assignment	40

Minimum Technical score required to qualify technically and be eligible for Commercial Opening shall be 60%.

6.4. Evaluation of Financial Proposal

The formula for determining the financial scores shall be:

[$S_f = 100 \times F_m / F$, in which S_f is the Financial score, F_m is the lowest price, and F is the price of the proposal under consideration]

6.5. Minimum experience required by key staff

Sl. No.	Position	Minimum professional experience	Specific experience
1	Project manager	Minimum of 3 years experience in handling government sector projects Minimum 6 years experience as project leader/coordinator/manager	Experience in design, implementation or administration of computerization strategy for VAT implementation in at least one (1) state in India At least MBA and/or PMP certification
2	Business Analyst having expertise in VAT procedures	Minimum 4 years of experience in business/government process re-engineering	Experience in design, implementation or administration of VAT business processes for at least one (1) state in India
3	Computerization Advisor – Software applications	Minimum 4 years experience in implementing various stages of the software engineering lifecycle	Experience in advisory services relating to software design for computerization of VAT processes in at least one (1) state in India
4	Computerization Advisor – Network and hardware	Minimum 4 years experience in networking and hardware design	Experience in advisory services relating to Network and hardware design for computerization of

Sl. No.	Position	Minimum professional experience	Specific experience
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VAT processes in at least one (1) state in India

7. General Conditions of Contract

1. General Provisions

1.1 Definitions Unless the context otherwise requires, the following terms shall be interpreted as indicated in this contract:

(a) "Applicable Law" means the laws and any other instruments having the force of law in the Government's country, or in such other country as may be specified in the Special Conditions of Contract (SC), as they may be issued and in force from time to time.

(b) "Consultant" means any private or public entity that will provide the Services to the Client under the Contract.

(c) "Contract" means the Contract signed by the Parties and all the attached documents, that is these General Conditions (GC), the Special Conditions (SC), and the Appendices.

(e) "Contract Price" means the price to be paid for the performance of the Services

(f) "Effective Date" means the date on which this Contract comes into force and effect pursuant to Clause GC 2.1.

(g) "Foreign Currency" means any currency other than the currency of the Client's country.

(h) "GC" means these General Conditions of Contract.

(i) "Government" means the Government of the Client's country.

(j) "Local Currency" means the currency of the Client's country.

(k) "Member" means any of the entities that make up the joint venture/consortium/association, and "Members" means all these entities.

(l) "Party" means the Client or the Consultant, as the case may be, and "Parties" means both of them.

(m) "Personnel" means persons hired by the Consultant or by any Sub-Consultants and assigned to the performance of the Services or any part thereof.

(n) "SC" means the Special Conditions of Contract by which the GC may be amended or supplemented.

(o) "Services" means the work to be performed by the Consultant pursuant to this Contract, as described in Appendix A hereto.

(p) "Sub-Consultants" means any person or entity to whom/which the Consultant subcontracts any part of the Services.

(q) "In writing" means communicated in written form with proof of receipt.

1.2 Interpretation In this Contract unless a contrary intention is evident:

(a) the clause headings are for convenient reference only and do not form part of this Contract;

(b) unless otherwise specified a reference to a clause number is a reference to all of its sub-clauses;

(c) unless otherwise specified a reference to a clause, sub-clause or section is a reference to a clause, sub-clause or section of this Contract including any amendments or modifications to the same from time to time;

(d) a word in the singular includes the plural and a word in the plural includes the singular;

(e) a word importing a gender includes any other gender;

(f) a reference to a person includes a partnership and a body corporate;

(g) a reference to legislation includes legislation repealing, replacing or amending that legislation;

(h) where a word or phrase is given a particular meaning it includes the appropriate grammatical forms of that word or phrase which have corresponding meanings.

(i) in the event of an inconsistency between the terms of this Contract and the Tender and the Bid, the terms hereof shall prevail.

1.3 Relation between the Parties Nothing contained herein shall be construed as establishing a relation of master and servant or of principal and agent as between the Client and the Consultant. The Consultant, subject to this Contract, has complete charge of Personnel performing the Services and shall be fully responsible for the Services performed by them or on their behalf hereunder.

1.4 Language This Contract has been executed in the language specified in the SC, which shall be the binding and controlling language for all matters relating to the meaning or interpretation of this Contract.

1.5 Notices

1.5.1 Any notice, request or consent required or permitted to be given or made pursuant to this Contract shall be in writing. Any such notice, request or consent shall be deemed to have been given or made when delivered in person to an authorized representative of the Party to whom the communication is addressed, or when sent to such Party at the address specified in the SC.

- 1.5.2 A Party may change its address for notice hereunder by giving the other Party notice in writing of such change to the address specified in the SC.
- 1.6 Location The Services shall be performed at such locations as are specified in Special Conditions of contract
- 1.7 Authority of Member in Charge In case the Consultant consists of a joint venture/ consortium/ association of more than one entity, the Members hereby authorize the entity specified in the SC to act on their behalf in exercising all the Consultant's rights and obligations towards the Client under this Contract, including without limitation the receiving of instructions and payments from the Client.
- 1.8 Authorized Representatives Any action required or permitted to be taken, and any document required or permitted to be executed under this Contract by the Client or the Consultant may be taken or executed by the officials specified in the SC.
- 1.9 Taxes and Duties The Consultant, Sub-Consultants, and their Personnel shall pay such indirect taxes, duties, fees, and other impositions levied under the Applicable Law as specified in the SC, the amount of which is deemed to have been included in the Contract Price.

2. Commencement, Completion, Modification and Termination of Contract

- 2.1 Effectiveness of Contract This Contract shall come into effect on the date the Contract is signed by both Parties or such other later date as may be stated in the SC. The date the Contract comes into effect is defined as the Effective Date.
- 2.2 Commencement of Services The Consultant shall begin carrying out the Services not later than the number of days after the Effective Date specified in the SC.
- 2.3 Expiration of Contract Unless terminated earlier pursuant to Clause GC 2.6 hereof, this Contract shall expire at the end of such time period after the Effective Date as specified in the SC.
- 2.4 Modifications or Variations Any modification or variation of the terms and conditions of this Contract, including any modification or variation of the scope of the Services, may only be made by written agreement between the Parties. However, each Party shall give due consideration to any proposals for modification or variation made by the other Party.
- 2.5 Force Majeure
- 2.5.1 Definition For the purposes of this Contract, "Force Majeure" means an event which is beyond the reasonable control of a Party and which makes a Party's performance of its obligations under the Contract impossible or so impractical as to be considered impossible under the circumstances.
- 2.5.2 No Breach of Contract The failure of a Party to fulfill any of its obligations under the contract shall not be considered to be a breach of, or default under, this Contract insofar as such inability arises from an event of Force Majeure, provided that the Party affected by such an event (a) has taken all reasonable precautions, due care

and reasonable alternative measures in order to carry out the terms and conditions of this Contract, and (b) has informed the other Party as soon as possible about the occurrence of such an event.

2.5.3 Extension of Time Any period within which a Party shall, pursuant to this Contract, complete any action or task, shall be extended for a period equal to the time during which such Party was unable to perform such action as a result of Force Majeure.

2.5.4 Payments During the period of their inability to perform the Services as a result of an event of Force Majeure, the Consultant shall be entitled to continue to be paid under the terms of this Contract, as well as to be reimbursed for additional costs reasonably and necessarily incurred by them during such period for the purposes of the Services and in reactivating the Service after the end of such period.

2.6 Termination

2.6.1 By the Client The Client may terminate this Contract in case of the occurrence of any of the events specified in paragraphs (a) through (f) of this Clause. In such an occurrence the Client shall give a not less than thirty (30) days' written notice of termination to the Consultant, and sixty (60) days' in the case of the event referred to in (e).

(a) If the Consultant does not remedy a failure in the performance of their obligations under the Contract, within thirty (30) days after being notified or within any further period as the Client may have subsequently approved in writing.

(b) If the Consultant becomes insolvent or bankrupt.

(c) If the Consultant, in the judgment of the Client has engaged in corrupt or fraudulent practices in competing for or in executing the Contract.

For the purpose of this clause:

“Corrupt practice” means the offering, giving, receiving or soliciting of anything of value to influence the action of a public official in the selection process or in contract execution.

“Fraudulent practice” means misrepresentation of facts in order to influence a selection process or the execution of a contract to the detriment of the client, and includes collusive practice among consultants (prior to or after submission of proposals) designed to establish prices at artificial non-competitive levels and to deprive the client of the benefits of free and open competition.

(d) If, as the result of Force Majeure, the Consultant are unable to perform a material portion of the Services for a period of not less than sixty

(60) days.

(e) If the Client, in its sole discretion and for any reason whatsoever, decides to terminate this Contract.

(f) If the Consultant fails to comply with any final decision reached as a result of arbitration proceedings pursuant to Clause GC 8 hereof.

2.6.2 By the Consultant The Consultants may terminate this Contract, by not less than thirty (30) days' written notice to the Client, such notice to be given after the occurrence of any of the events specified in paragraphs (a) through (c) of this Clause:

(a) If the Client fails to pay any money due to the Consultant pursuant to this Contract and not subject to dispute pursuant to Clause GC 7 hereof within forty-five (45) days after receiving written notice from the Consultant that such payment is overdue.

(b) If, as the result of Force Majeure, the Consultant is unable to perform a material portion of the Services for a period of not less than sixty (60) days.

(c) If the Client fails to comply with any final decision reached as a result of arbitration pursuant to Clause GC 8 hereof.

2.6.3 Payment upon Termination Upon termination of this Contract pursuant to Clauses GC 2.6.1 or GC 2.6.2, the Client shall make the following payments to the Consultant:

(a) payment pursuant to Clause GC 6 for Services satisfactorily performed prior to the effective date of termination;

(b) except in the case of termination pursuant to paragraphs (a) through (c), and (f) of Clause GC 2.6.1, reimbursement of any reasonable cost incident to the prompt and orderly termination of the Contract, including the cost of the return travel of the Personnel and their eligible dependents.

3. Obligations of the Consultant

3.1 General

3.1.1 Standard of Performance of The Consultant shall perform the Services and carry out their obligations hereunder with all due diligence, efficiency and economy, in accordance with generally accepted professional standards and practices, and shall observe sound management practices, and employ appropriate technology and safe and effective equipment, machinery, materials and methods. The Consultant shall always act, in respect of any matter relating to this Contract or to the Services, as faithful advisers to the Client, and shall at all times support and safeguard the Client's legitimate interests in any dealings with Sub-Consultants or third Parties.

3.2 Conflict of Interests of The Consultant shall hold the Client's interests paramount, without any consideration for future work, and strictly avoid conflict with other assignments or their own corporate interests.

- 3.2.1 Consultants Not to Benefit from Commissions, Discounts, etc. The payment of the Consultant pursuant to Clause GC 6 shall constitute the Consultant's only payment in connection with this Contract or the Services, and the Consultant shall not accept for their own benefit any trade commission, discount, or similar payment in connection with activities pursuant to this Contract or to the Services or in the discharge of their obligations under the Contract, and the Consultant shall use their best efforts to ensure that the Personnel, any Sub-Consultants, and agents of either of them similarly shall not receive any such additional payment.
- 3.2.2 Consultant and Affiliates Not to be Otherwise Interested in Project The Consultant agrees that, during the term of this Contract and after its termination, the Consultant and any entity affiliated with the Consultant, as well as any Sub-Consultants and any entity affiliated with such Sub-Consultants, shall be disqualified from providing goods, works or services (other than consulting services) resulting from or directly related to the Consultant's Services for the preparation or implementation of the project.
- 3.2.3 Prohibition of Conflicting Activities The Consultant shall not engage, and shall cause their Personnel as well as their Sub-Consultants and their Personnel not to engage, either directly or indirectly, in any business or professional activities which would conflict with the activities assigned to them under this Contract.
- 3.3 Confidentiality Except with the prior written consent of the Client, the Consultant and the Personnel shall not at any time communicate to any person or entity any confidential information acquired in the course of the Services, nor shall the Consultant and the Personnel make public the recommendations formulated in the course of, or as a result of, the Services.
- 3.4 Insurance to be Taken Out by the Consultant The Consultant (a) shall take out and maintain, and shall cause any Sub-Consultants to take out and maintain, at their (or the Sub-Consultants', as the case may be) own cost but on terms and conditions approved by the Client, insurance against the risks, and for the coverage, as shall be specified in the SC; and (b) at the Client's request, shall provide evidence to the Client showing that such insurance has been taken out and maintained and that the current premiums have been paid.
- 3.5 Consultant's Actions Requiring Client's Prior Approval The Consultant shall obtain the Client's prior approval in writing before taking any of the following actions:
(a) entering into a subcontract for the performance of any part of the Services,
(c) any other action that may be specified in the SC.
- 3.6 Reporting Obligations The Consultant shall submit to the Client the reports and documents in the form, in the numbers and within the time periods set forth at the time of signing of this

contract.

3.7 Documents Prepared by the Consultant to be the Property of the Client (a) All plans, drawings, specifications, designs, reports, other documents and software submitted by the Consultant under this Contract shall become and remain the property of the Client, and the Consultant shall, not later than upon termination or expiration of this Contract, deliver all such documents to the Client, together with a detailed inventory thereof.

(b) The Consultant may retain a copy of such documents and software. Restrictions about the future use of these documents, if any, shall be specified in the SC.

3.8 Liability of the consultant Subject to additional provisions, if any, set forth in the SC, the Consultants' liability under this Contract shall be as provided by the applicable law.

4. Consultant's professional

4.1 Description of Personnel The Consultant shall employ and provide such qualified and experienced Personnel and Sub-Consultants as are required to carry out the Services. The titles, agreed job descriptions, minimum qualifications, and estimated periods of engagement in the carrying out of the Services of the Consultant's Key Personnel are described in Appendix A.2. The Key Personnel and Sub-Consultants listed by title as well as by name in Appendix A.2 are hereby approved by the Client.

4.2 Removal and/or Replacement of Personnel (a) Except as the Client may otherwise agree, no changes shall be made in the Key Personnel. If, for any reason beyond the reasonable control of the Consultant, such as retirement, death, medical incapacity, among others, it becomes necessary to replace any of the Key Personnel, the Consultant shall provide as a replacement a person of equivalent or better qualifications.

(b) If the Client finds that any of the Personnel have (i) committed serious misconduct or have been charged with having committed a criminal action, or (ii) have reasonable cause to be dissatisfied with the performance of any of the Personnel, then the Consultant shall, at the Client's written request specifying the grounds thereof, provide as a replacement a person with qualifications and experience acceptable to the Client.

(c) The Consultant shall have no claim for additional costs arising out of or incidental to any removal and/or replacement of Personnel.

5. Obligations of the Client

5.1 Assistance and Exemptions The Client shall use its best efforts to ensure that the Government shall provide the Consultant such assistance and exemptions as specified in the SC.

5.2 Services and The Client shall make available free of charge to the Consultant the Services and

Facilities	Facilities as per mutual agreement
5.3 Payment	In consideration of the Services performed by the Consultants under this Contract, the Client shall make to the Consultant such payments and in such manner as is provided by Clause GC 6 of this Contract.
6. Payments to the Consultant	
6.1 Lump-Sum Payment	The total payment due to the Consultant shall not exceed the Contract Price which is an all inclusive fixed lump-sum covering all costs required to carry out the Services described in Appendix A.
6.2 Contract Price	The price payable is set forth in the SC.
6.3 Payment for Additional Services	For the purpose for determining the remuneration for additional services as may be agreed under clause 2.4 the client may seek financial quote from the consultant at that stage.
6.4 Currency of Payment	All payments shall be made in local currency i.e., Indian Rupees
6.4 Terms and Conditions of Payment	Payments will be made to the accounts of the Consultant and according to the payment schedule stated in the SC; payments shall be made after the conditions listed in the SC for such payment have been met, and Consultant has submitted an invoice to the Client specifying the amount due.
6.5 Interest on Delayed Payments	If the Client has delayed payments beyond fifteen (15) days after the due date stated in the SC, interest shall be paid to the Consultants for each day of delay at the rate started in the SC.
7. Good Faith	
7.1 Good Faith	The Parties undertake to act in good faith with respect to each other's rights under this Contract and to adopt all reasonable measures to ensure the realization of the objectives of this Contract.
8. Settlement of Disputes	
8.1 Amicable Settlement	The Parties agree that the avoidance or early resolution of disputes is crucial for a smooth execution of the Contract and the success of the assignment. The Parties shall use their best efforts to settle amicably all disputes arising out of or in connection with this Contract or its interpretation.
8.2 Dispute Resolution	Any dispute between the Parties as to matters arising pursuant to this Contract that cannot be settled amicably within thirty (30) days after receipt by one Party of the other Party's request for such amicable settlement may be submitted by either Party for settlement in accordance with the provisions specified in the SC.

8. Special Conditions of Contract

Number of GC Clause	Amendments of, and Supplements to, Clauses in the General Conditions of Contract
1.1 (a)	Government's country is : India
1.4	The language is : English
1.6	Location: Jammu & Kashmir and Himachal Pradesh
1.5.1 & 1.5.2	<p>The addresses are:</p> <p>Client:</p> <p>The Secretary, Empowered Committee of State Finance Ministers Delhi Secretariat, IP Extension, New Delhi – 110 092 Attention: Mr. Ramesh Chandra E-mail: cravat@nic.in</p> <p>Consultant: _____</p> <p>Attention: _____</p> <p>Facsimile: _____</p> <p>E-mail: _____</p>
1.7	<p>The Member in charge is: _____ (Name of Member)</p> <p>Note: If the Consultant consists of a joint venture/ consortium/ association of more than one entity, the name of the entity whose address is specified in Clause SC 1.5 should be inserted here. If the Consultant consists only of one entity, this Clause SC 1.7 should be deleted from the SC.</p>
1.8	<p>The Authorized Representatives are:</p> <p>For the Client: _____</p> <p>For the Consultant: _____</p>
2.2	The date for the commencement of Services is 7 days after the date of singeing of contract.
2.3	The time period shall be twelve calendar months (1 year) from the date of signing of contract or such other time period as the parties may agree in writing.
3.4	<p>The risks and the coverage shall be as follows:</p> <p>(a) Third Party motor vehicle liability insurance in respect of motor vehicles operated in</p>

	<p>the Government's country by the Consultant or its Personnel or any Sub-Consultants or their Personnel, with a minimum coverage as per Motor Vehicles Act 1988;</p> <p>(b) Third Party liability insurance, with a minimum coverage of Rs. 5 Lakhs (in Indian Currency)</p> <p>(c) professional liability insurance, with a minimum coverage of equal to total contract value for this consultancy</p> <p>(d) employer's liability and workers' compensation insurance in respect of the Personnel of the Consultant and of any Sub-Consultants, in accordance with the relevant provisions of the Applicable Law, as well as, with respect to such Personnel, any such life, health, accident, travel or other insurance as may be appropriate; and</p> <p>(e) insurance against loss of or damage to (i) equipment purchased in whole or in part with funds provided under this Contract, (ii) the Consultant's property used in the performance of the Services, and (iii) any documents prepared by the Consultant in the performance of the Services.</p>			
3.7 (b)	The Consultant shall not use these documents and software for purposes unrelated to this Contract without the prior written approval of the Client.			
3.8	<p>Limitation of the Consultants' Liability towards the Client :</p> <p>Except in case of gross negligence or willful misconduct on the part of the Consultant or on the part of any person or firm acting on behalf of the Consultant in carrying out the Services, the Consultant with respect to damage caused by the Consultant to the Client's property, shall not be liable to the Client.</p> <p>(i) For any incorrect or consequential loss or damage; and</p> <p>(ii) For any direct loss or damage that exceeds (A) the total payments for Professional Fees and Reimbursable Expenditures made or expected to be made to the Consultant hereunder, or (B) the proceeds the Consultants may be entitled to receive from any insurance maintained by the Consultant to cover such a liability, whichever of (A) or (B) is higher.</p>			
5.1	To be specified at the time of signing the contract			
6.2	The amount payable is Rs. _____			
6.4	<p>Payments shall be made according to the following schedule:</p> <p>Note: The Payments would be made on submission of following reports / manuals in a finalized version and not for draft reports for the deliverables specified for each of the tasks .</p> <table border="0"> <tr> <td style="width: 10%;">Sl. No.</td> <td style="width: 60%;">Payment milestone</td> <td style="width: 30%;">Payment as a percentage of total amount payable</td> </tr> </table>	Sl. No.	Payment milestone	Payment as a percentage of total amount payable
Sl. No.	Payment milestone	Payment as a percentage of total amount payable		

	<p>1 Task 0: Report on Current state assessment of computerization in both the departments 5%</p> <p>2 Task 1: Preparation of RFP and selection of software vendor 10%</p> <p>3 Task 2: Review of System Requirement Study 10%</p> <p>4 Task 3: Review of System Design 10%</p> <p>5 Task 4: Review of Acceptance Tests Procedure and Completion of User Acceptance Testing 5%</p> <p>6 Task 5: Audit completeness of test data 5%</p> <p>7 Task 6: Test of application software 10%</p> <p>8 Task 6.a: Pilot testing at five sites of different types in each of the staes 10%</p> <p>9 Task 7: Preparation of hardware RFP, selection of hardware vendor and review of IT Infrastructure Plan 10%</p> <p>10 Task 8: Review and verification of IT project and site preparation 5%</p> <p>11 Task 9: Monitor installation and commissioning of the hardware, system software and application software 10%</p> <p>12 Project Closure (either until the completion of the implementation of the VAT system at five pilot locations or completion of eight calendar months from the date of award of the contract, which ever is earlier). 10%</p>
6.5	<p>Payment shall be made within <u>15</u> days of receipt of the invoice and the relevant documents specified in Clause 6.4, and within <u>30</u> days in the case of the final payment.</p> <p>The Interest rate is: 10% Per Annum</p>
8.2	<p>Disputes shall be settled by arbitration in accordance with the following provisions:</p> <p>Dispute Settlement</p> <p>8.2 (i) Any dispute, controversy, or claim arising out of or relating to this contract, or the breach, termination or invalidity thereof shall be settled by arbitration in accordance with</p>

following provisions:

8.2 (ii) Each dispute submitted by a Party to arbitration shall be heard by a sole arbitrator or an arbitration panel composed of three arbitrators, in accordance with the following provisions:

Where the Parties agree that the dispute concerns a technical matter, they may agree to appoint a sole arbitrator or, failing agreement on the identity of such sole arbitrator within thirty (30) days after receipt by the other Party of the proposal of a name for such an appointment by the Party who initiated the proceedings, either Party may apply to the Secretary, Empowered Committee of State Finance Ministers, New Delhi, for a list of not fewer than five nominees and, on receipt of such list, the Parties shall alternately strike names therefrom, and the last remaining nominee on the list shall be the sole arbitrator for the matter in dispute. If the last remaining nominee has not been determined in this manner within sixty (60) days of the date of the list, Secretary, Empowered Committee of State Finance Ministers, New Delhi shall appoint, upon the request of either Party and from such list or otherwise, a sole arbitrator for the matter in dispute.

Where the Parties do not agree the disputes concerns a technical matter, the client and the Consultants shall each appoint one arbitrator, and these two arbitrators shall jointly appoint a third arbitrator, who shall chair the arbitration panel, If the arbitrators named by the Parties do not succeed in appointing a third arbitrator within thirty (30) days after the latter of the two arbitrators named by the Parties has been appointed, the third arbitrator shall, at the request of either Party, be appointed by Secretary, Empowered Committee of State Finance Ministers, New Delhi

If, in a dispute subject to Clause SC 8.2 (ii) (b), one Party fails to appoint its arbitrator within thirty (30) days after the other party has appointed its arbitrator, the Party which has named an arbitrator may apply to the Secretary, Empowered Committee of State Finance Ministers, New Delhi, to appoint a sole arbitrator for the matter in disputes, and the arbitrator appointed pursuant to such application shall be the sole arbitrator for the matter in dispute, and the arbitrator appointed pursuant to such application shall be the sole arbitrator for that dispute.

The Arbitration proceedings shall be conducted in accordance with procedure of the Arbitration & Conciliation Act 1996, of India.

9. Appendices

9.1. Appendix - A: Format for Technical Proposal

The technical proposal shall consist of the following sections

1. Firm's references having provided advisory services for computerization of the VAT department in minimum two states or more in India to be provided in the format specified in Appendix A.1. The same should be accompanied by letters from the clients clearly stating the scope of work and should be signed by an authorized client representative. References without letters from the client shall not be evaluated.
2. Letter of incorporation as proof of the bidders existence for a period of minimum 5 (Five) years as of September 30, 2005
3. Audited financial statements as proof of the bidders having a turn over from consultancy services of INR 50 Crores or more over each of the last 3 (three) financial years
4. Details of 3 (three) projects where with bidder has provided advisory services for computerization with a project fee exceeding INR 1 crore to be provided in the format specified in Appendix A.1
5. Description of the methodology and work plan for performing the assignment.
6. Task assignments for each of the four project members
7. Curriculum Vitae (CV) of proposed professional staff for the four positions specified below in the format as specified in Appendix A.2
 - a. Project Manager
 - b. Business Analyst having expertise on VAT Procedure
 - c. Computerization expert - Software applications
 - d. Computerization expert - Hardware and networking

9.2. Appendix A.1 – Format for client references

Using the format below, provide information on each reference assignment for which your firm/entity, either individually as a corporate entity or as one of the major companies within an association, was legally contracted.

Assignment Name:		Professional Staff Provided by your firm/entity (profiles):
Name and address of Client:		No. of Staff and Duration in months
Start Date (Month/Year):	Completion Date (Month/year)	Approx. Value of Services (in Rs.)
Name of Senior Staff (Project Director/Coordinator, Team Leader) involved and functions performed:		
Narrative Description of Project:		
Description of Actual Services Provided by Your Staff:		

9.3. Appendix A.2 - Format for Curriculum Vitae of Key Personnel

Proposed Position: _____

Name of Firm: _____

Name of Staff: _____

Profession: _____

Years with Firm/Entity: _____ Nationality: _____

Membership in Professional Societies: _____

Key Qualifications:

[Give an outline of staff member's experience and training most pertinent to tasks on assignment. Describe degree of responsibility held by staff member on relevant previous assignments and give dates and locations. Use about half a page]

Education:

[Summarize college/university and other specialized education of staff member, giving names of schools, dates attended, and degrees obtained. Use about one quarter of a page.]

Employment Record:

[Starting with present position, list in reverse order every employment held. List all positions held by staff member since graduation, giving dates, names of employing organizations, titles of positions held, and locations of assignments. For experience in last ten years, also give types of activities performed and client references, where appropriate. Use about three-quarters of a page.]

Languages:

[For each language indicate proficiency: excellent, good, fair, or poor; in speaking, reading and writing]

9.4. Appendix B: Detailed Financial Proposal

Please provide cost break-up for J&K and HP against each of the tasks. Wherever the costs have not been specified, it would be assumed to be zero.

S. No.	Description of Task	Jammu & Kashmir	Himachal Pradesh	TOTAL
1	Task 0: Current State Assessment			
2	Task 1: RFP creation and Evaluation of Software Developer			
3	Task 2: Review of System Requirement Study			
4	Task 3: Review of System Design			
5	Task 4: Review of Acceptance Test Procedures			
6	Task 5: Audit Completeness of Test Data			
7	Task 6: Assistance in User acceptance Test of Application Software			
8	Task 6.a: Pilot testing at five different types of sites in each of the states			
9	Task 7: IT Infrastructure Plan (Hardware RFP)			
10	Task 8: Review and verification of IT project and site preparation			
11	Task 9: Monitor installation and commissioning of the hardware, system software and application software			
12	Project Monitoring & Risk Management			
13	Other tasks (Please specify)			
	Sub-Total (A)			
	Out of pocket expenses (B)			
	Taxes on Sub-total (C)			
	Taxes on out of pocket expenses (D)			
	Total inclusive of all expenses and taxes (A+B+C+D)			

9.5. Appendix C: Proform of Bank Guarantee for Contract Performance Guarantee Bond

Ref : _____

Date _____

Bank Guarantee No. _____

To

1. Against contract vide Advance Acceptance of the Tender No. _____ dated _____ covering “Advisory services for computerization of VAT system and processes” (hereinafter called the said 'contract') entered into between _____ (hereinafter called "the client") and _____ (hereinafter called the “Consultant”) this is to certify that at the request of the Consultant we _____ Bank Ltd., are holding in trust in favour of the Client, the amount of _____ (write the sum here in words) to indemnify and keep indemnified the Client against any loss or damage that may be caused to or suffered by the Client by reason of any breach by the Consultant of any of the terms and conditions of the said contract and/or in the performance thereof. We agree that the decision of the Client, whether any breach of any of the terms and conditions of the said contract and/or in the performance thereof has been committed by the Consultant and the amount of loss or damage that has been caused or suffered by the Client shall be final and binding on us and the amount of the said loss or damage shall be paid by us forthwith on demand and without demur to the Client.
2. We _____ Bank Ltd, further agree that the guarantee herein contained shall remain in full force and effect during the period that would be taken for satisfactory performance and fulfillment in all respects of the said contract by the Consultant i.e. till _____ hereinafter called the said date and that if any claim accrues or arises against us _____ Bank Ltd, by virtue of this guarantee before the said date, the same shall be enforceable against us _____ Bank Ltd, notwithstanding the fact that the same is enforced within six months after the said date, provided that notice of any such claim has been given to us _____ Bank Ltd, by the Client before the said date. Payment under this letter of guarantee shall be made promptly upon our receipt of notice to that effect from the Client.

3. It is fully understood that this guarantee is effective from the date of the said contract and that we _____ Bank Ltd, undertake not to revoke this guarantee during its currency without the consent in writing of the Client.

4. We undertake to pay to the Client any money so demanded notwithstanding any dispute or disputes raised by the Consultant in any suit or proceeding pending before any court or Tribunal relating thereto our liability under this present bond being absolute and unequivocal.

The payment so made by us under this bond shall be a valid discharge of our liability for payment there under and the Consultant shall have no claim against us for making such payment.

5. We _____ Bank Ltd, further agree that the Client shall have the fullest liberty, without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said contract or to extend time of performance by the Consultant from time to time or to postpone for any time or from time to time any of the powers exercisable by the Client against the said Consultant and to forbear or enforce any of the terms and conditions relating to the said contract and we, _____ Bank Ltd., shall not be released from our liability under this guarantee by reason of any such variation or extension being granted to the said Consultant or for any forbearance by the Client to the said Consultant or for any forbearance and or omission on the part of the Client or any other matter or thing whatsoever, which under the law relating to sureties, would, but for this provision have the effect of so releasing us from our liability under this guarantee.

6. This guarantee will not be discharged due to the change in the constitution of the Bank or the Consultant.

Date _____

Place _____

Signature _____

Witness _____

Printed name _____

(Bank's common seal)