

RURAL INFRASTRUCTURE DEVELOPMENT FUND-XI (RIDF-XI)

GENERAL TERMS AND CONDITIONS

1. Nodal Department

Finance Department of the State Government shall be designated as the nodal department and shall notify to NABARD the name, designation and specimen signature of the officer of the Finance Department, who is duly authorized by it to apply for drawal of the loan amounts and issue necessary acknowledgements for the amounts disbursed and also to receive communication, notice and other correspondence from NABARD in respect of the loans sanctioned under RIDF, for completion of formalities, drawal of loan installments and repayments thereof together with interest. The Department shall also intimate NABARD subsequent change in the designated officer, if any, and forward the particulars and specimen signature of the new incumbent.

2. Grant of loans

- (a). Loans shall not exceed the borrowing power of the State Government under Article 293 (1) of the Constitution of India. The State Government shall furnish a certificate in this regard as per Form 1.
- (b). The State Government shall apply for the consent of Government of India under Article 293 (3) of the Constitution of India. A copy of the State Government letter addressed to the Plan Finance I Division, Department of Expenditure, Ministry of Finance, Government of India, New Delhi seeking the consent shall be endorsed to Regional Office for release of mobilization advance and shall submit project specific consent of Government of India for release of regular loans.
- (c). The allocation of loan to the State Government under RIDF-XI will be linked to the reforms in agriculture and rural sectors. A separate communication on the subject will follow.
- (d). NABARD shall disburse the loan amount on a monthly basis on submission of a statement of expenditure incurred by the State Government in execution of the works. The loan to be so disbursed shall be restricted to the amount of the statement of expenditure. The State Government will be required to expend the proportionate amount indicated in the schedule to sanction letter.
- (e). Drawal of applications can be submitted based on actual execution of works and expenditure incurred ahead of phasing given in the sanction.
- (f). In the sanctioned projects no part of the administrative expenditure would be included by the State Government for reimbursement from NABARD.

3. Use of loan amount

The State Government shall utilize the loan amount solely and exclusively for the purpose for which it is sanctioned by NABARD.

4. Compliance with the special terms and conditions

The State Government shall observe, perform and fulfill such special conditions and obligations as may be prescribed in the sanction letter issued by NABARD.

5. Execution and completion of the projects

The State Government shall execute and complete the projects for which the loans are granted within such time as stipulated in the sanction order.

6. Tendering

The State Government shall adhere to the following stipulations as per qualification requirement while selecting/enlisting Contractors / Firms.

- i). Satisfactory net worth of partners in relation to the project cost proposed to be undertaken;
- ii). Adequate net worth of partners in relation to the project cost proposed to be undertaken;
- iii). Experience of the similar projects executed earlier;
- iv). Banking facilities / credit limits availed by the contractor / firm should be adequate enough for smooth and timely execution of the project;
- v). Firm / contractor not blacklisted earlier;
- vi). The State Government shall incorporate a clause in the tender that the Contractors / firms shall be responsible for the defect liability period of preferably for 3 (three) year and in no case less than 2 (two) year no sooner the projects are commissioned / completed.

7. Security for the loan

All loans sanctioned by NABARD and RIDF would be secured by an irrevocable letter of authority addressed to the Reserve Bank of India/ CAS Nagpur authorizing the Reserve Bank of India to debit current account of State Government upon requisition issued by NABARD for repayment of the principal and/or payment of interest to NABARD due in respect of the loans and advances made from RIDF.

8. Rate of Interest on outstanding loans

- a). The rate of interest to be paid by the State Government on the borrowing under RIDF-XI shall be fixed at 0.5% above the Bank Rate prevailing as on the date of sanction. The interest shall be paid on quarterly rests at the end of each quarter i.e. 31 March, 30 June, 30 September and 31 December every year. The interest shall be paid by State Government on the first day of the month succeeding the quarter. Interest is payable during the grace period also.

- b). If State Government fails to pay the interest on the due date(s), it shall be liable to pay interest on the overdue interest amount at the same rate as is applicable to the principal as per sub clause (a) hereof.

9. Repayment of loans

- a). Each drawal of funds will be deemed as a separate loan for the purpose of repayment schedule.
- b). Loans shall be repaid by the State Government to NABARD in accordance with the repayment schedule prescribed by NABARD. It shall be repaid in equal annual installments within seven years from the date of drawal, including a grace period of 2 (two) years. No notice of demand for the purpose will be issued by NABARD. The installments falling due on any date during a month will be payable on the first day of the next month.
- c). NABARD would accept advance repayment of loan or advance before due date subject to the condition that there is no default of the State Government to NABARD under any other loan and that the State Government gives 3 (three) days clear notice (excluding Saturdays, Sundays and Bank Holidays) to the concerned office of NABARD for such advance payment, provided however that if the State Government fails to give aforesaid advance notice of three days, the repayment shall be deemed to have been made after three days (excluding Saturdays, Sundays and Bank Holidays) from the actual date of realization of cheque / draft and interest will be levied accordingly. In case of default of the State Government under any other loan or advance or interest thereon the amount tendered by way of advance repayment of loan will be first adjusted towards the loan/interest under default and only the balance, if any, after such adjustment will be credited towards advance repayment of the loan/advance in question.

10. Budgetary Provision

- a). The State Government shall make adequate provision in the budget as may be required for the smooth implementation of the sanctioned projects. An undertaking to this effect shall be given by Government of *Arunachal Pradesh* to NABARD.
- b). The State Government shall make suitable budget provision for timely payment of interest and repayment of loan installments.
- c). The State Government shall meet cost escalation, if any, out of budgetary provisions.

11. Administrative Approval

State Government shall accord administrative approval in respect of the projects sanctioned by NABARD and in case of revision in the cost of the projects, the State Government shall also accord administrative approval for the same quickly. The State Government undertakes to submit copy of such administrative approvals to NABARD forthwith to ensure uninterrupted flow of funds.

12. Invoking of the Mandate

In any installment of repayment of the principal or payment of interest remains unpaid on the due date, NABARD may issue notice to the State Government calling for payment of the same and if still it is not paid within the period of 15 days after receipt of such notice, NABARD shall be entitled to issue a requisition to the Reserve Bank of India for recovering the sums in default. This shall, however, be without prejudice to any other legal remedies available to NABARD. Interest at the stipulated rate is payable by the State Government both on principal and interest over-dues, till the realization thereof by NABARD. Any decision taken by NABARD regarding the default shall be final and conclusive and shall not be called in question by State Government.

13. Stoppage of further disbursements

- a). Without prejudice to NABARD's rights and any other legal remedies as may be available to it upon breach of any or all of the terms and conditions herein contained or any or all of the special terms and conditions contained in Schedule II, NABARD at its sole discretion shall stop further disbursement of the loans and advance to State Government either in respect of the project in which the default has occurred or all the projects sanctioned to State Government.
- b). Notwithstanding what is contained in sub clause a) of this clause, on the occurrence of a default in repayment of any installment of the principal or payment of any installment of the interest as mentioned above, or if the State Government commits default in repayment of principal or payment of interest accruing due under any other loan taken by it from NABARD or under any guarantee issued by it to NABARD, it shall be open to NABARD to stop further disbursal of loans and advances sanctioned under the above project until such amounts in default are paid in full by the State Government. In such an even, NABARD shall not be liable for any loss, damage or expenses that may be caused in the completion of the aforesaid project otherwise.

14. Appropriation of repayments

All amounts paid by the State Government shall be first appropriated towards interest accrued on the over-due interest/ outstanding loan amount if remaining unpaid on the due dates and the balance, if any, towards principal. If the amount repaid by the State Government is in excess of the installment of the principal / interest such excess amount shall be appropriated towards the next installment of the principal, either in whole or in part, as the case may be.

15. Recalling the RIDF loan

Without prejudice to anything herein before contained or in the sanction letter, NABARD shall be entitled to call upon the State Government to repay the entire loan in one lumpsum together with interest in case NABARD is convinced that the State Government has committed breach of any of the terms and conditions of the sanction.

16. Implementation of the Project

The projects sanctioned under RIDF should be completed early, if necessary, through redeployment of additional staff. The State Government through its implementing department will ensure that the projects are completed within the shortest possible time and in any case not later than the period stipulated in the sanction letter. If necessary, continuity of officers directly involved in implementation may be ensured.

17. Progress of Works

The State Government shall maintain such records and furnish such information to NABARD from time to time to establish to the satisfaction of NABARD that the work of the projects is progressing satisfactorily and diligently so as to be completed within the time prescribed in the sanction letter.

In case, NABARD is of the view that the work is not progressing with such speed and diligence so as to be completed within the period prescribe in the sanction letter, it shall be open to NABARD to stipulate such further conditions and terms as it may deem fit for completion of the project, alternatively if NABARD finds that the project cannot be completed as envisaged in the sanction letter, to recall the entire loan disbursed under the project together with interest accrued thereon in one lumpsum. NABARD's findings and decision in this regard shall be final and it shall not be questioned by the borrower.

18. Inspection of the books of accounts and inspection of work site

NABARD shall have the power to enter upon and inspect the project site with a view to assessing the progress of the works and also verify all the relevant records and books of accounts relating to the works and seek such clarification or information or documents as it may deem fit and make suggestions in writing for maintenance of such further records or books as it may considered necessary for proper monitoring of the progress of the work or utilization of the loan amount and the State Government shall ensure compliance of such suggestions. The State Government shall extend all assistance and facilities to the officers/authorized representative of NABARD to visit the works and review the progress from time to time for the purpose.

19. State Government's obligation to ensure smooth progress of the work

- a). The State Government shall take all such steps as may be found necessary to remove any legal or other procedural hurdles in the smooth implementation of the projects.
- b). State Government shall ensure completion of land acquisition process in all respects at the earliest in order to enable timely completion of the sanctioned projects.

20. Quality Control and Project Monitoring

The Project Implementing Authority shall undertake desk/field monitoring and quality control tests as per the internal instructions/manual of Implementing Department. The reports of the inspecting officer/quality

control tests and compliance thereto shall be retained on record by the Project Implementing Division. These reports shall be made available to NABARD wherever required.

**Rural Bridge and Approach Road Project
at Nubo in Arunachal Pradesh – RIDF-XI**

Special Terms and Conditions

1). Land Acquisition

Land acquisition formalities, if any, should be completed as early as possible. The State Government shall indicate their plan of action in this regard.

2). Environmental Clearance

The State Government shall conform that the conditions laid down by Ministry of Environment and Forest, GOI, has been satisfactorily complied with if required.

3). Design Criteria

The project should be executed as per the IRC/MOST/MoRTH standards regarding geometric design, pavement design as also the quality of materials to be used in order to serve the design life period.

The proposed project is in Earthquake Zone-V. The technical design of the project has to be verified as per codal provision of structures in this Zone by experts. A certificate to this effect from the competent authority / experts should be furnished at the time of drawal.

4). Construction Safeguards

The construction of roads/bridges should have adequate safeguards against floods, heavy rains, etc. These may include:

- a). Proper alignment avoiding low-lying area;
- b). Proper drainage /crossing / cross drainage works.

5). Project Monitoring

The Project Implementing Authority will undertake desk/field monitoring and quality control test as per the internal instructions/manual of Implementing Departments. The reports of the inspecting officer/ quality control tests and compliance thereto shall be retained on record by the Project Implementing Divisions. These reports shall be made available to NABARD wherever required.

6). Quality Control

- a). The State Government shall ensure that adequate technical personnel and well equipped laboratory system are available for the effective quality control.
- b). Periodical tests on material, concrete and finished works shall be carried out as per IRC/MOST/BIS Standards. Some important items are given as under:

- i). Earth compaction requirement of embankment and sub-grade soil shall be as below:

Sl No	Type of work/material	Field dry density as % of maximum laboratory dry density as per IS:2720 (Part-7)	Frequency of tests per IS:2720-Pt 28/29
1	Sub-grade (top 500 mm, below pavements) and shoulder	Not less than 100	One test per 500 m ²
2	Embankment (body below 500mm from sub-grade top)	Not less than 95	One test per 1000 m ²

- ii). Physical requirements of coarse aggregates for WBM Sub-Base /Base coarse shall be as below:

Test	Test Method	Requirements	Frequency of test
Los-Angeles Abrasion test or Aggregate Impact test	IS: 2386- Part 4	50 (Max)	One test for every 200 cum or part thereof
	IS: 2386- Part 4	40 (max)	
Flakiness and Elongation Index	IS: 2386 – Part 1	25 (Max)	-Do-

- iii). The fine and coarse aggregates for concrete shall comply with the specification stipulated in IS : 383-1970 and IS : 2396 (Part-I) – 1963. The strength of the concrete shall comply with the specifications and test prescribe in IS:516 -1959.
- iv). Fixing up formwork, manufacture and placement, compaction, curing etc. have to be strictly adhered to as indicated in the guidelines furnished in IS:516 in case of bridges.
- v). The quality testing o the materials as well as the frequency shall be as indicated in the following table:

Quality Test Standard for Road Construction Materials

Sl. No.	Materials	Test	Test Method	Min. Desirable frequencies
1.	Cement	Physical & Chemical Tests	IS:269/445/1489 8112	Once for each source of supply and occasionally when called for in

Sl. No.	Materials	Test	Test Method	Min. Desirable frequencies
				case of long and / or improper storage.
2	Coarse and fine aggregates	i). Gradation ii). Deleterious constituents	IS: 2386 (Pt-II)	One test for 15 cum of each fraction of course aggregate and fine aggregates. -Do-
		iii) Moisture content	IS:2386 (Pt-III)	Regularly as required subject to a min. of one test/day for coarse and two tests/day for fine aggregates.
		iv) Bulking of fine aggregates (for volume batching)	IS:2386 (Pt-III)	Once for each source for deriving moisture content bulking relationship.
3	Coarse Aggregate	i). Los Angeles Abrasion value/Aggregate Impact Test	IS: 2386 (Pt-IV)	240 once for each source of supply and subsequently when warranted by changes in the quality of aggregates.
		ii) Soundness	IS:2386 (Part-V)	As required.
		iii) Alkali-Aggregate reactivity	IS:2386 (Par-VII)	As required.
4	Water	Chemical tests	IS:456	Once for approval of source of supply, subsequently only in case of doubt.

The test certificate of manufactured materials from the sources from where these are procured shall be obtained and preserved properly. Details of the quality tests, frequency, the method of rectifying the defects, etc. are

contained in IRC SP-11 "Handbook of Quality Control for construction of Roads and Runways". The same shall be followed.

The results of all quality control tests and observations shall be systematically recorded and carefully preserved.

7). Implementation of the Project Arrangement of Labour

The projects under this sector are labour intensive and involve seasonal activities. Details of the arrangements for labour force, made the State Government may be furnished. Wherever, the labour is arranged under the Government sponsored programmes like employment assurance/guarantee Schemes, etc., the cost of labour would not be eligible for reimbursement under RIDF, since separate funds are provided by the State/Central Government for the purpose.

8). Budget Provision

- i). The State Government shall also make adequate annual budgetary provisions for the recurring expenditure on account of maintenance and repairs of the roads constructed out of RIDF loans (2005-06 to 2007-08).
- ii). The State Government shall meet the cost of escalation, if any, out of the budgetary provisions. The item for structural steel is very price sensitive and special care in this item is to be taken.
- iii). The State Government may provide for, through budgetary source, plantation of trees on both sides of roads.
- iv). The prime source of repayment of the loan including interest would be the budgetary allocation. However, the State Government may consider levying suitable charges for the service provided to the users of the roads / bridges.

9). Administrative and Technical Approval

The State Government shall accord revised administrative and technical approval for the latest project costs and revised technical approval for modified design if required.

10). Additional Staff

Deployment of additional staff wherever necessary shall be done to enable completion of the projects as per schedule.

11). Source of fund

The State Government shall ensure that loans/funds are not availed from any other source like Pradhan Mantri Gram Sadak Yojana (PMGSY) for road projects that are sanctioned under RIDF.

12). Fund Allocation

The State Government shall make available the required funds to enable the executing authorities to incur the expenditure on the projects as per the CPM and PERT/Bar Charts in time and to complete the construction of

roads/bridges by March 2008. A copy of the approval CPM/Bar Chart to be submitted to NABARD before final drawal.

13). Fund Utilization

The Finance Department of the State Government will ensure that the project funds drawn from NABARD are passed on to the Works Department and that no part of the funds are diverted for any purpose other than for completion of the works in respect of individual projects.

14). Reimbursement Under RIDF

Reimbursement will be allowed by NABARD in respect of works carried out from 01 April 2005.

15). Project Completion Report

The State Government shall submit completion report on each of the projects on completion.

16). PERT/BAR/CPM Chart

In respect of each project, the Department shall ensure a PERT/BAR/CPM Chart as soon as the sanction is communicated by NABARD so as to ensure that the projects are implemented as per the schedule and completed by 31 March 2008.
