

# **PUNJAB LOCAL GOVERNMENTS (CONTRACT) RULES, 2003**

*[20<sup>th</sup> September, 2001]*

## **CONTENTS**

- 1. Short Title and commencement**
- 2. Definitions**
- 3. Local Government not responsible For Unauthorized Contract**
- 4. Authority to make contracts**
- 5. Manner of making contracts**
- 6. Personal responsibility of the Nazim approving or making contracts**
- 7. Tenders when to be invited**
- 8. Provisions as to tenders**
- 9. Security for performance of contracts**
- 10. Enforcement of contracts**
- 11. Saving and repeal**

# PUNJAB LOCAL GOVERNMENTS (CONTRACT)RULES, 2003

[20<sup>th</sup> September, 2001]

**1. Short title and commencement.-** (1)These rules may be called, the Punjab Local Governments (Contract)Rules, 2003.

(2) They shall come into force at once.

**2. Definition.-** (1)In these rules, unless the subject or context otherwise requires,

a) “agreement” means any kind of undertaking expressed or implied, made between a local government and any other person for the purchase or supply of goods or materials, or for the acquisition, purchase or transfer by grant, gift, sale, mortgage, lease, exchange or otherwise, of any movable or immovable property or for the execution of any work or performance of any service;

(b) “contract” means an agreement enforceable by law, under Contract Act, 1872;

(c) “contractor” means a person entering into a contract with a Nazim on behalf of local government and shall include a person submitting a tender; and

(d) “Ordinance” means the Punjab Local Government Ordinance, 2001.

(2) Words and expressions used herein but not defined in these rules shall have the same meanings as are assigned to them in the Ordinance.

**3. Local Governments Not Responsible For Unauthorized Contract.-** No contract shall be binding on a local government unless it is made in conformity with the provisions of these rules.

**4. Authority to make contracts.-** (1)Subject to the provisions of the Ordinance and any other rules framed thereunder, all contracts on behalf of a local government shall be made by the Nazim concerned or any other officer authorized by the Nazim in this behalf.

(2) The provisions of sub rule (1)shall apply to every alteration or discharge of a contract.

**5. Manner of making contracts.-** (1)A formal deed of agreement shall be executed between the local government through the Nazim concerned and the contractor for every contract,-

(a) The performance whereof shall be subject to such conditions as may be specified;

(b) which shall be made after inviting tenders; and

(c) for the acquisition, purchase, lease, sale or transfer of any immovable property or for any other consideration.

(2) All agreements by or on behalf of a local government shall be signed by the Nazim or any other officer duly authorized by the Nazim in this behalf and attested by two witnesses and shall bear the seal of the local government and be executed in such form as shall bind him if it were made on his own behalf and may in the like manner be altered and discharged.

(3) All agreements shall be written on a stamp paper of the appropriate value and shall, where necessary, be registered under the law for the time being in force.

(4) All contracts shall be recorded in a Register to be maintained in this regard.

(5) All agreements and other documents relating to the contract shall be kept in the custody of the Nazim concerned or a person duly authorized by the Nazim for this purpose.

**6. Personal responsibility of the Nazim approving or making contracts.-** The Nazim making or approving a contract shall be personally responsible for ensuring that:-

(i) The contract is made without coercion, undue influence, fraud or misrepresentation;

(ii) The parties are competent to make the contract;

(iii) The contract does not involve any favouritism;

(iv) no official or member, of the Council concerned or District Government, City District Government, Tehsil Municipal Administration, Town Municipal Administration’ or Union Administration, as the case may be, is directly or indirectly interested in the contract;

(v) The contract is in the best interest of the local government; and

(vi) The contract is legally in order.

**7. Tenders when to be invited.-** (1)The Council may in cases where the question of securing competitive prices or rates is not involved, authorize the Nazim, to enter into a contract without inviting tenders.

(2) Subject to the provisions of sub-rule (1)the Nazim shall, at least seven days before entering into a contract involving an expenditure exceeding rupees fifty thousand in case of District Government or City District Government, rupees twenty five thousand in case of Tehsil Administration or Town Administration and rupees ten thousand in case of Union Administration, give public notice in a newspaper inviting tenders for such contract and may accept any of the tenders so made, which appears to him the most advantageous:

Provided that –

- (i) if he rejects the lowest tender or all the tenders made in pursuance of the public notice, the reasons for doing so shall be recorded;
- (ii) in case of a contract entered into with the approval of the Council the approval of the Council shall be obtained before rejecting the lowest tenders; and
- (iii) the Nazim may, in case of a natural calamity, war or any other emergency declared by the Governor, District Government or City District Government dispense with the formality of inviting tenders and enter into a contract with any person for the execution of any work or for the provision of any supplies with due regard to the quality of work or speedy execution of the contract.

(3) **Subject to sub-rule.-** (1)a public notice in respect of tenders for an amount not exceeding the amount referred to in sub rule (2)shall be pasted or affixed at some conspicuous place at the-office of the local government at least seven days before the date of opening tenders.

**8. Provisions as to tenders.-** (1)No tender shall be deemed to be valid unless

- (i) it is sealed;
- (ii) in the case of a tender submitted by a firm, it is signed by a person holding a power of attorney on its behalf; and
- (iii) it is accompanied by earnest money equal to two per cent of the amount of tender, in form of call deposit receipt issued by a scheduled bank: Provided that the local government may in any special case for reasons to be recorded waive the condition regarding earnest money.

(2) All tenders shall be opened, unless otherwise prescribed in any other rules, by the Nazim at the time and place specified in the public notice issued under rule 7 in the presence of such contractors as may be present, and the Nazim shall affix his initials and date on every tender so opened.

**9. Security for performance of contracts.-** (1)When a tender has been accepted under these rules, an agreement, where necessary, shall be entered into between the contractor and the local government through the Nazim concerned or any other officer authorized by him in this behalf and the contractor shall be required to deposit, in the specified manner and within the time fixed, such earnest money as may be specified and to make up a sum equal to one-tenth of the amount of his tender as security for the due performance of the contract unless otherwise provided in any other rule for the time being in force.

(2) The security shall, on completion of the contract to the satisfaction of the Nazim but after the expiry of maintenance period, if any, prescribed under the agreement, be refunded to the contractor unless otherwise prescribed in any other rule for the time being in force.

**10. Enforcement of contracts.-** (1)The Nazim shall take such steps as may be necessary to enforce the performance of contract in accordance with the terms and conditions thereof and to the best interest of the local government.

(2) Where a contract is not performed according to the terms and conditions contained therein, the Nazim shall take such action as may be necessary to invoke the penal clause of the contract and to safeguard the interest of the local government.

(3) On completion of the contract, the Nazim shall record a certificate to that effect, and if the contract was made with the approval of the council, a report regarding its completion shall be submitted to the Council.

**11. Saving and repeal.-** On promulgation-of these rules, the Punjab Local Councils (Contract)Rules, 1981 shall stand repealed; provided that the contracts awarded under the Punjab Local Councils (Contract)Rules, 1981 shall continue to be in force till the completion of contract under those rules.