



**GOVERNMENT OF KHYBER PAKHTUNKHWA**  
**LOCAL GOVERNMENT & RURAL DEVELOPMENT DEPARTMENT**  
**LOCAL COUNCIL BOARD**

NO.AO-II/LCB/6-11/2013

Dated Peshawar, the 20/03/2013

To

- 1) All the Chief Coordination Officers  
District Councils in Khyber Pakhtunkhwa.
- 2- The Chief Municipal Officer,  
Municipal Corporation Peshawar.
- 3- All the Chief Municipal Officers  
Municipal Committees in Khyber Pakhtunkhwa.

Subject: **MODEL TERMS AND CONDITIONS FOR THE CONTRACTS OF CATTLE FAIR, BUS STAND, 2% TAX ON TRANSFER OF IMMOVEABLE PROPERTY AND OTHER TAXES FOR THE YEAR 2014-2015.**

I am directed to refer to the subject noted above and to say that the following model terms and conditions for auctioning the contracts of the Local Councils for the year 2014-15 shall be followed in letter and spirit:-

**TERMS AND CONDITIONS OF THE CONTRACTS.**

1. All the contracts for the year 2014-2015 shall be advertised after 25/12/2013 by the Local Council Board in one go through Director Information, Khyber Pakhtunkhwa for open and competitive auctions. The auction proceeding shall take place in the respective local councils on the dates so fixed by Local Council Board Khyber Pakhtunkhwa and the same shall be finalized on or before 30<sup>th</sup> April, 2014. The Chief Coordination Officer in case of District Council and Chief Municipal Officer in case Municipal Committee shall be personally responsible for disposing off the contracts on due date of auction. In case, any contract could not be auctioned on due date of auction, the CCOs/CMOs shall report it on the same day with cogent and plausible reasons of failure in auction process. In case of non-convincing, implausible and non-cogent reasons, action shall be initiated against the concerned CCOs/CMOs. Local print and electronic media shall be invited for participation in the auction proceedings. Proper video of the entire proceedings shall be made/recorded and the same shall be sent to the Provincial Government at the time of obtaining approval of the contract from the competent authority.
2. The Local Government Department shall fix different dates in one advertisement for auctioning the contract of local taxes. If no reasonable bid is offered then another advertisement shall be published by the concerned local councils in the renowned and widely circulated newspapers through Information Department at least seven clear working days before the date fixed for auction of the contract. The same practice shall continue till 15% increase or more reasonable bid is achieved over the last year approved bid.

3. The local office shall provide an attested photo copy of each of the schedule of rates as well as terms and conditions of auction of the contracts to the registered contractors/ Firm on their demand on payment of the prescribed copying fee before participation in the auction proceedings.
4. Each contractor/firm shall deposit earnest money depending upon the last year's approved bid/departmental collection before participation in the auction proceeding with the Local Council concerned which will be released to them after auction except the successful bidder. The successful bidder will deposit 5% security which will be released to the contractor/firm after 30.06.2015 if all the dues are cleared. If any amount is found outstanding against the contractor/firm concerned, it will be deducted from the security of the contractor/firm and the balance amount, if any will be paid to the contractor/firm.
  - (a) The successful bidder shall deposit 15% of the value of the contract in advance which will be adjusted by the council in the last/final installment of the contract. The eleven installments shall however be worked out on the full bid amount of the contract without deduction of the advance from the bid amount. The first installment shall be paid by the end of July 2014 and rest of the installments on last date of the month, to which it relates.
  - (b) 1% penalty per day will be liable on contractor/Firm for late deposit of the monthly installment. If the contractor/firm fails to clear dues by 10<sup>th</sup> of each month to which monthly installment relates, the contract may be cancelled and his security and advances deposited by the contractor shall be forfeited.

Two days grace period shall however be allowed for encashment of call deposit or Bank Draft if the monthly installment is paid on due date. Cheques will not be accepted from the contractor in any case.
- © The determination of the advance money and the monthly installments for the contracts having lease period for less than one year shall be worked out in accordance with the proposition of the leased period and 1<sup>st</sup> installment on last working day of the month and last month being 31/5/2014.
  - (d) The charge shall be deemed to have been handed over to the successful bidder from the date of actual possession of charge after fulfilling all formalities i.e. execution of agreement deed.
  - (e) The Highest bidder after crossing 30% increase will be liable to deposit additional amount equivalent to earnest money within two days otherwise the contract shall stand cancelled duly forfeiting the earned money and the contractor/firm may be blacklisted.
5. Any kind of tax already levied during contract/lease period by the Federal Government OR Provincial Government, the contractor shall be bound to comply to pay according to prescribed rates of tax. Any other tax/fee etc; imposed by The Provincial or Federal Government during the contract period will also be applied on the contractor/firm who will be bound to pay the same.
6. The schedule of rates shall be exhibited on the notice boards of all the concerned Local Councils/Municipal Committees and District Councils.
7. If the contractor/Firm violates any term and condition of the auction, his contract will be cancelled for the breach of the law/rules and he will be black listed and his registration be cancelled.
8. The successful bidder within seven days of the acceptance of his bid, shall produce a surety bond on a stamped paper to the extent of the bid amount and shall execute an agreement with the

Municipal Committees & District Councils of contract duly attested by a Judicial/Municipal Magistrate to the satisfaction of council. In case, the contractor/firm does not deposit advances or does not enter into an agreement within specified period, the contract shall stand cancelled and loss if any shall be recouped at the risk & cost of the contractor and recoverable under land revenue act, alongwith blacklisting of the contractor/firm.

9. The receipt of contractual amount shall be normally issued by the employees of the Local Councils and not by employees/agent of the contractor/firm concerned. However, if the local council concerned cannot afford to provide work force required for the job, then only supervisory staff will be given to strictly watch financial transaction and ensure transparency.
10. The full record of the contract i.e receipts, refund of each month will remain with the local council however contractor/firm access to record will be allowed.
11. If it is proved that the schedule has been violated or excess fee/tax has been charged willfully, then the contractor/firm as well as defaulting staff shall be liable to pay a penalty upto 11-times of the actual taxes being charged.
12. Contracts up-to one (01) lac shall be decided locally by the Administrators of the concerned Local Councils. Rest of the contracts for the year 2014-2015 shall be forwarded to LCB for approval of the competent authority.
13. While forwarding the contracts for the approval of Provincial Government, it must be ensured that the following documents are submitted alongwith the case:-
  - a. A copy of the terms and conditions of auction duly signed by all the participating contractors/firms.
  - b. A copy of the draft agreement deed duly vetted from legal advisor.
  - c. Reserved price/Fard-e-Boli as well as press cutting of the advertisement published in the newspapers.
14. Once a contract is approved by the competent authority, the District Administration shall not make interference for its abolishing. In case of any cogent reason with regard to law and order situation, the Officer Incharge of the concerned local council shall be consulted and the issue shall be decided on the basis of mutual understanding for addressing any violation or abolishing any with the approval of Provincial Government in LG & RDD (LCB), Khyber Pakhtunkhwa.
15. The successful bidder shall pay all taxes in addition to the total amount of auction bid notified by the Government from time to time.
16. After the completion of auction proceedings, and after the fall of hammer there are usually offers and negotiations with the contractor in the local councils. This practice shall be avoided.
17. A penal clause shall be provided in the agreement deed that whenever an item is charged at higher rates than what has been provided/prescribed in the schedule and the malpractice/over charging etc; if proved against the contractor the CMO/CCOs or any other inspecting officer shall be authorized to impose a penalty upto 11-times of the amount charged to be recovered from the contractor and if the excessive amount so recovered is being charged frequently the contract shall be cancelled with the approval of the competent authority and the advance/security deposited by the contractor shall be forfeited.
18. A public complaint register shall be maintained and placed in a conspicuous place in the office of MCs & DCs. These registers shall be pagged marked; signed and responsible officers must check

these registers. On demand by the public for recording a complaint it shall be the duty of concerned officer to provide the same to the complainant.

19. No possession to the contractor shall be given unless the contractor/firm has signed the agreement and deposited the advance amount and security with the concerned council.
20. Defaulter Firms, nominee, authority holders will not be allowed to participate in any auction proceedings. The default includes any outstanding amount of the Provincial or Federal Government.
21. No clause for remission shall be provided in the agreement or in the auction notices. Remission could however, be considered in case of wide spread civil disturbance provided it disrupts the normal trade in big way. Small local strikes will not be taken into consideration for remission. No remission on account of rain shall be allowed in any way.
22. Contract once awarded to a party shall not be Subletted to any other party. If the original Contractor is not interested to continue then contract shall be cancelled and re-auctioned at his risk and cost. The agreement shall have to be entered into with the original highest bidder and not with his partner or agent.
23. As already notified vide circular No.AO-II/LCB/6-11/97 KC dated 26.6.1997, no tax on transfer of immovable property shall be charged if.
  - a. the transfer of land is in the nature of a gift (TAMLEEK) from parents to children, Grand Children and one spouse to another and if
  - b. the transfer is in an exchange of agriculture land for consolidation purpose.
24. At the time of execution of agreement with the contractors the name and designation of the staff, be clearly mentioned. The contractor shall be bound to pay all the expenses of such employee/employees.
25. The Government has allowed 48 days earned leave to every employee, therefore 48 days leave salary shall be deducted from the present contractor irrespective of the fact whether official has availed the leave or otherwise. The substitute if appointed against the leave vacancy will also be paid by the contractor.
26. The contractor shall also pay leave salary, pension contribution to the employees, alongwith other valid charges and stationery/forms.
27. The pension contribution will be payable by the contractor each month for all the staff working with (contractor) and the same be worked out at 33% of the minimum and maximum of the pay scale of the post held by the employee concerned plus other emoluments which are included for calculation of pension.
28. In case of any dispute arising between the contractor and Local Councils regarding contract or any other matter arising out of contract, the contractor and the local council shall have a right to resolve the dispute through arbitration under the arbitration act 1940. The Secretary, LG & RDD/Chairman LCB shall decide the dispute as an arbitrator within one month. The decision of the arbitrator shall be final and binding on the parties concerned. The dispute between the public and the contractor shall be settled by the LG&RDD.
29. The local council shall be entitled to recover all dues from the sureties and guarantors in case of default on the part of contractor due to any reason whatsoever. All cost and consequential costs of legal proceedings shall also be recoverable from them.

30. Before cancellation of contract, the local council shall provide opportunity of being heard to the contractor by the concerned local council. On cancellation of contract, the local council may choose to re-auction the contract for the remaining period or may make departmental collection and in any case if the income so received is found less than the contractual amount, the difference shall be recovered from the contractor as arrears of land revenue.
31. The contract shall neither be granted beyond one year on any ground whatsoever except those by the Provincial Government for the interest of Local Council or large public interest.
32. The above instructions shall be followed in letter and spirit and must be provided in “TERMS AND CONDITIONS” of auction of the contracts. The Chairman /Administrator/CMOs & CCOs of local councils will ensure that the auctions are being conducted in accordance with the above instructions.
33. Violation of the above instructions on the part of the Chief Coordination Officers /Chief Municipal Officers/TORs, Tax Superintendent shall be considered as mis-conduct for which disciplinary action will be initiated against them under NWFP Local Council Servants (E&D) Rules 1980.

**SECRETARY**  
**LOCAL COUNCIL BOARD**  
**KHYBER PAKHTUNKHWA**

Copy forwarded to:

- 1) The Director, Local Fund Audit Khyber Pakhtunkhwa, Peshawar.
- 2) PS to Senior Minister for LG&RDD Khyber Pakhtunkhwa, Peshawar.
- 3) PS to Secretary, LG&RDD Khyber Pakhtunkhwa, Peshawar.
- 4) All the Administrative Officers LCB Khyber Pakhtunkhwa, Peshawar.

**SECRETARY**  
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