

Proposal
For
**Administration and Management of Chit
Funds in Kerala on Blockchain**

**Kerala Development and Innovation Strategic
Council
(K-DISC)**



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1 Organization/Company Profile

Kerala Development and Innovation Strategic Council (K-DISC) is a strategic think tank and advisory body constituted by the Government of Kerala. It aims to bring out path-breaking strategic plans that reflect new directions in technology, product and process innovations, social shaping of technology, and create a healthy and conducive ecosystem for fostering innovations in the State. In the sphere of development, K-DISC is promoting and initiating new projects in Emerging Technologies such as Blockchain, Internet of Things, Machine Learning, Artificial Intelligence, and Robotics which would enable transparent and cognitive advances in various departments of the state Government and deliver the ultimate benefit to the citizens. K-DISC would facilitate different government departments who may need any technological advances to solve their critical problems and arrive at the proof of concepts stage with adequate technical and financial resources to promote innovation. Also, K-DISC will ease the implementation by overseeing the same.

2 Introduction

Chit Funds contribute to the value of financial markets in India, particularly in Kerala. A chit fund is an unorganized money market industry in India. A chit fund works on the concept of savings and borrowings. Sometimes it is organized informally among family members, friends, relatives, or neighbors. Chit funds seek to fill the gaps left unaddressed by the banking sector. It is a rotating savings and credit association system and is a crucial instrument of financial inclusion in India, especially for those with little access to formal institutions. Apart from the attractive returns, Chit Funds instills a habit of savings amongst individuals in a community-based setup. The Chit fund industry also addresses people's saving needs and is considered very safe, and offers loans at lower interest rates than moneylenders. Chits fund businesses are typically operated among a trusted network of people, by a foreman or promoter, completely relying on the trust and transparency of the transactional data audited through the network. The cost involved in this ledger keeping or audit procedures for ensuring trust and transparency is the major institutional overhead for running a chit fund. To match the advancements of digital lending in the country, there is a need for commensurate digital transformation/technology adoption by the Department of Registration, being a regulator and supervisor for the chit business in Kerala.

This project proposes a transparent platform for Chit Administration and Management that can be built on Blockchain, for setting up a core infrastructure similar to a core banking solution.

As a regulator, the Department of Registration has a role to play in developing and designing standards to support innovations and value additions across the chit business in the state of Kerala. Thus, the unauthorized lenders will be weeded out without affecting the growth of legitimate lenders.

2.1 Business Case for the Project/ Need of the Project

Both the central and state governments regulate chit Funds. These entities have the enormous task of managing a huge number of transactions and doing enforcement using loads of paperwork being exchanged between the parties.

For Chit Fund companies, they are being plagued by brand image because many unregistered businesses have been sprouting unlimited.

For Subscribers, in a distributed economy, a chit fund can play a key role as a complement to other financial instruments/services provided both by the government (SME loans, Free education, Health, etc.) and private financial entities like (Banks, NBFCs and Insurance companies).

The following steps help us to understand various processes involved during the life cycle of a chit briefly.

- Foreman furnishes security in the name of the Registrar and obtains a certificate of the sufficiency of security from the Registrar.
- Apply for Previous Sanction Order (PSO) by submitting a specific chit agreement, balance sheet, foreman details, etc. Chit inspector verifies and is issued by the Dy. Registrar of chits of the district.
- Enrollment of subscribers and agreement signed between subscriber and foreman.
- Chit registration in Coral within twelve months from the date of receiving PSO. Filing Form V (All tickets have been subscribed) declaration within 3 months.
- A certificate of commencement is issued by the Asst. Registrar to start the chit.
- Give copy of chit agreement to subscribers and File Declaration.
- Conduct regular draw and File Minutes.
- File accounts regularly and get them audited.
- On termination, apply for release of security and get the chit inspected.
- The Chit inspector verifies and approves termination and releases security.
- Record keeping by the foreman for 8 years.

All these processes are handled on paper and every record has multiple entries in the files across both Chit fund companies and the regulator's ledger. In the current system, only the functionalities of chit registration and the security release post the chit termination, take place in the CORAL portal of the Registration Department.

Also, the following gaps are seen in the current system:

- Due to a lack of real-time reporting and monitoring, Foreman can add fake subscribers to fill the vacant slots at the time of registration and the Chit Company adds genuine subscribers post commencement of chit. However, the department won't get any updates on this, which contradicts Chit Fund Act 1982.

- After the death of the subscriber, the nominee or legal heir shall be allotted the subscriber slot in the chit, and the same is not updated with the department by the Foreman.
- Department doesn't have the option to check whether the subscriber has furnished valid security for the transaction of the net chit amount.
- Foreman can delay in paying the winner's prize money and, they can cheat subscribers by paying a lesser amount.
- Lack of automation in PSO processes and other processes will cause delays in responding to the business because of workload.
- Registrars today don't have a consolidated view of all the numbers regarding the business health of a chit fund company in one place for them to monitor. Company information like the number of branches, related contact information, and respective financial statements are inaccessible or difficult to monitor
- Because minutes are filed manually and since there is no automation, registrars will be unable to track prize money disbursements across the period. Since there is no automation in the system, registrars will be unable to identify the violations in various compliances

The data exchanged between foreman and regulator during the lifecycle will have to be referred to, in case of any arbitrations required between the parties. Hence the sanctity of the data is key to maintaining trust and transparency on activities happening between the company and the subscribers.

2.2 International/National Scenario

Chit Funds contribute to the value of financial markets in India particularly in Kerala. A chit fund is an unorganized money market Industry in India. The element of mutual help and cooperation inherent in Chits makes it distinct from other similar savings schemes. It is no wonder, therefore, that Chit Funds have survived the test of time and have become an important part of the culture and traditions of the people of Kerala and South India. The instances of exploitation, cheating, and malpractices in the Chit Fund industry particularly in the informal Chit sector warrant prudential regulation and strict enforcement of the Chit Act in the State. This highlights the need for a core digital system to effectively administer and regulate the chit fund business in Kerala. Moreover, the system proposed would provide valuable leads to the regulators and all the stakeholders concerned in achieving meaningful and holistic financial inclusion in the state.

2.3 Summary of the Proposal

The solution proposes a transparent platform based on distributed ledger technology termed Blockchain as a Service (BaaS) which provides the chit regulator, the chit organization, and the chit subscribers an interface for the secured access methods to the system. As the notion of trust will be taken from the chit organization to the tamper-proof platform, the solution proposes a decentralized finance model that enables higher financial inclusion. All the events in the life cycle of a chit incurred through the blockchain-based network are recorded leaving footprints that work as an audit trail. The auditable

platform provides insights to the stakeholders regarding the transactions and operations of the chit fund. The solution proposed is a novel operational model for floating a chit scheme, with a state-of-the-art digital workflow system covering all functionalities for the end-to-end administration of Chit organizations in the State

3 Project Objectives

The proposal aims to achieve the following objective:

- End-to-end administration and management of chit business by implementing a state-of-the-art digital and automated chit workflow that helps create more visibility and transparency in the chit business based on blockchain.

4 Scope of the Project

It is intended to develop and deploy a progressive web application accessible to all the stakeholders-Regulators, Chit companies, and the subscriber, which is designed to be a private permissioned blockchain to administer the Chit Fund activities in the state.

Based on the discussions with the major stakeholders of the Registration department, it was decided to pilot at selected two or three branches including KSFE (The Kerala State Financials Enterprises Ltd.) and private chit companies (chit termination activities of one or two private companies will be included in the piloting period) recommended by the Registration Department collectively from Thrissur, Wayanad and Kannur districts, in which the chit fund activities from the application of the Previous Sanction Order (PSO) by the Foreman unto Release of chit security by the Registration Department, along with a Grievance management module for the chit subscriber shall be captured.

There are three major users in the system: Regulators, Foreman, and Subscribers.

4.1 Functional Requirements

As part of the Pilot Implementation, it is proposed to develop web portals for the Regulator, Foreman and the Chit subscriber.

Web Platform-Foreman

Using the web portal, the foreman will be able to carry out the following functionalities.

- a. A dashboard to display information like the applications submitted, minutes filed, etc. clearly and efficiently.
- b. Foreman Registrations (Both for existing and new companies, branches – Org Management)
- c. Pre-Commencement processes, which include Sufficiency of Security, PSO application, Registration of Chit Agreements, declaration, and commencement activities and other requirements to bring minutes submission into the system.

- d. Upload Minutes of the proceedings of the chit auction/draw. Payment vouchers will be filed along with the Minutes of proceedings by the foreman. Rather than uploading the document of the minutes of proceedings, the corresponding data will be entered into the portals so that the Regulator can cross-check the information after every auction/draw.
- e. Upload financial Data related to Chit Group (to be submitted every 12 months from the date of commencement)
- f. Provision for online payments of fees or fines.
- g. Auction postponement requests, Reauction requests, Transfer Applications (Covering – Party to Party, Removal and Substitution), and other requests to the regulator.
- h. Provision for live auctioning to bring transparency

Web Platform- Regulator

The chit regulator shall be able to perform the following functionalities using the web portal:

- a. Logins for various role-players of the Registration department
- b. A dashboard to provide detailed analytical insights of chit companies registered, chits offered by each company, its subscribers, auction details, etc.
- c. Option to view the details of chits subscribed under a specific KYC.
- d. Verification/ Approval of applications submitted by the Foreman
- e. Tracking of activities related to selected chits
- f. Undertake the procedures pertaining to arbitrations, violations of process, grievances of chit subscribers
- g. Facility to carry out any legacy services.
- h. Reports of payments, applications, and other key components
- i. Perform security release activities such as Notice publication, verification of all payment vouchers and financial data.
- j. A special rule engine to be part of the design which will calculate the fines for various violations by the foreman

Web Platform- Chit Subscriber

A Grievance management module shall be available for the chit-subscriber to register and track one's chit-related grievances which ensures that all interactions are fair and acceptable to all stakeholders.

5 Implementation Strategy

Here are a few suggestions for an implementation approach for operations.

1. 2-3 companies, a combination of both KSFE branches and Private Limited Companies under ARC office at Thrissur, Wayanad and Kannur districts will be selected to be part of the PILOT.
2. For incorporating the existing information- A template in excel format will be shared with the Foreman for uploading the chit-related information. Once the upload is completed, all the information will be migrated to the new platform. ARC validates this information and henceforth all the activities pertaining to that chit will be done only through the proposed digital platform.
3. Conduct a workshop for all the stakeholders and demo how the new system will be working and onboard them.
4. Conduct a similar kind of workshop for the relevant Foremen companies.
5. Release the foremen registration portal and ask all the Foremen to register.
6. Help videos and guides will be there on How-Tos for all the applications, both for Regulators and Foremen.
7. Have a call center to help them resolve any technical issues they may face while submitting the applications.

5.1 Technical Approach

The figure 1 below depicts the technical approach for the Chit Fund Administration System.

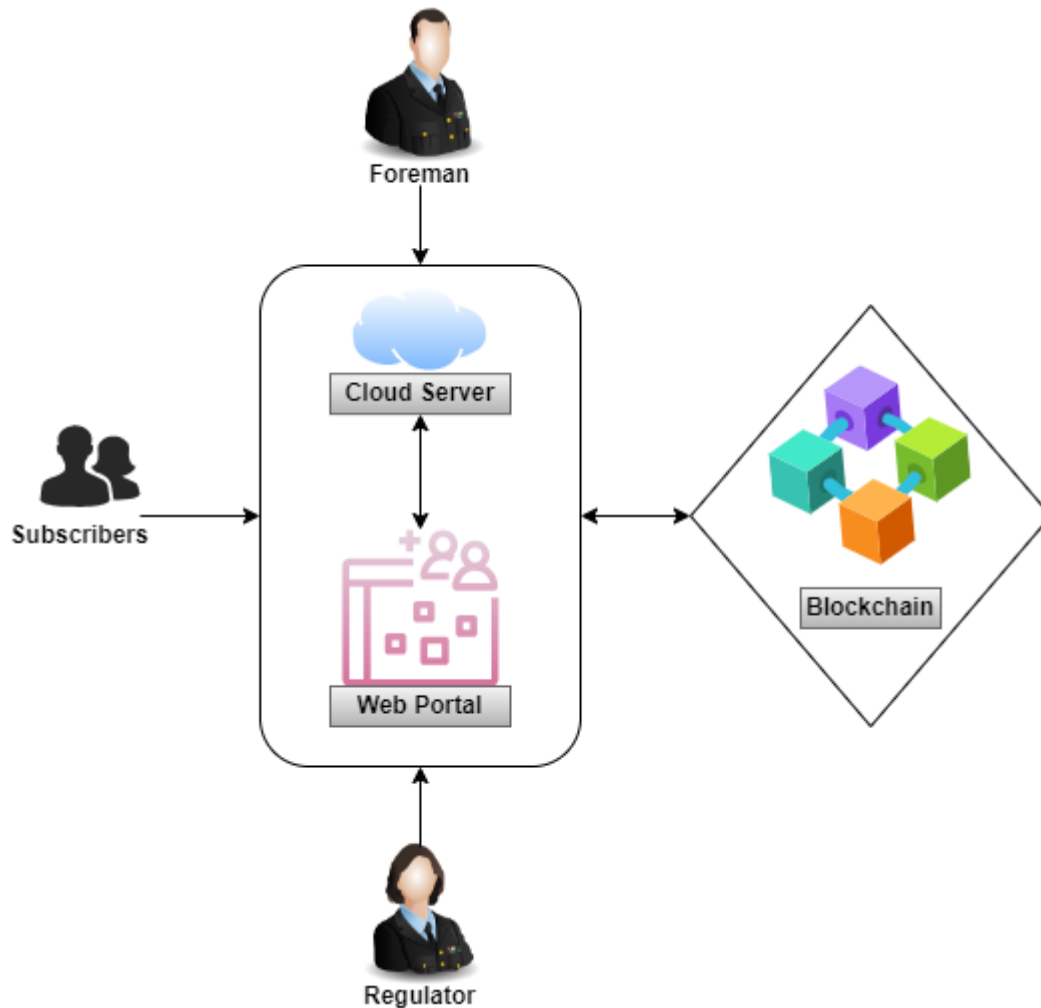


Figure 1: Technical approach

For the Regulator

- Create a system that verifies the authenticity of chit-fund transactions and records.
- Design a system that monitors the performance of chit-fund companies.
- Develop a blockchain-based chit administration and management system that ensures transparency and compliance with regulations and generates reports and data analytics to aid in regulation.

For the Foreman

- Implement a system that automates chit fund processes and record-keeping.
- Create a system that increases customer satisfaction, enhances transparency and trust with subscribers.
- Develop a blockchain-based chit system that efficiently manages chit fund operations and administration.

For the Subscribers

- Implement an effective grievance management system for subscribers to submit grievances, track their status, and receive updates on their resolution

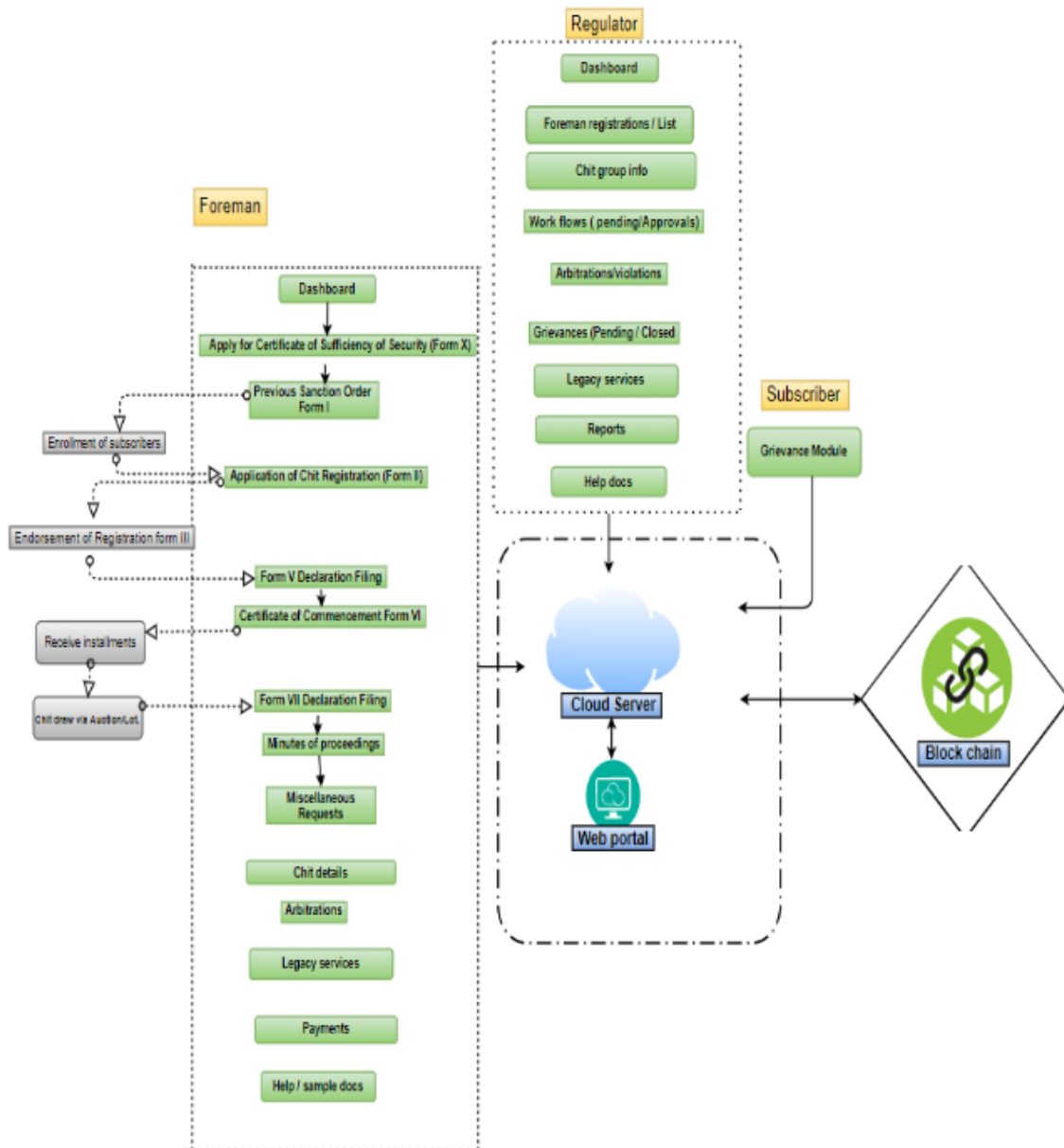


Figure 2: Overview of the system

5.2 Key Benefits to be achieved

- **Transparency & Security:** All the chit activities are recorded in an immutable manner on the blockchain and are visible to the regulator and the foreman, which promotes accountability and trust.
- **Efficiency & Lower costs:** By automating the processes involved in chit fund management, system can significantly reduce costs associated with manual intervention, paperwork, delay and errors.
- **Improved access:** User friendly platform which can be easily accessed by all the stakeholders.
- **Compliance:** Facilitate compliance with regulatory requirements, as all activities are recorded and auditable on the blockchain.
- **Trust:** The decentralized nature of blockchain technology, combined with the transparency and security it provides, can increase trust among stakeholders in the chit management system.

6 Conclusion

In conclusion, the proposed solution introduces a groundbreaking approach to the administration of chit-funds by leveraging blockchain technology and the platform ensures transparency and security in chit-fund operations. This innovative model shifts the trust paradigm from the chit organization to a tamper-proof blockchain, fostering a decentralized finance system that promotes higher financial inclusion. The digital workflow system encapsulates end-to-end administration functionalities, ensuring a seamless and efficient process for chit organizations in the state.

This novel operational model holds the potential to revolutionize the chit fund sector, paving the way for a more secure, transparent, and efficient future.

7 Service Level Agreement Terms

The offer submitted should cover all details covered as per the requirements of K-DISC. The technology partner is required to adhere to the following guidelines while preparing and submitting financial proposals to K-DISC.

7.1.1 COMMERCIAL PROPOSAL

- a) If there are any one-time costs, recurring costs, etc., they should be explicitly stated in the relevant sections of the table.
- b) One-year warranty, covering both the software and hardware, must be included in the proposal.

- c) The Annual Maintenance Charge (AMC) after warranty period should be within 10% of the total project cost.
- d) If any third-party services are involved and their costs impact the proposal, the details of these services shall be provided.
- e) The system will be hosted at the State Data Centre (SDC), and K-DISC will supply the necessary virtual machines (VMs) for the project. Technology partner should ensure the specifications for the VMs are included in the cost summary table. Technology partner should also account for the resource cost involved in deployment to the SDC, while preparing the financials.
- f) K-DISC will carry out a Security Audit and Load Testing through CERT empaneled agency. The Technology partner should take into account the efforts required to resolve any issues identified in the Vulnerability Assessment and Penetration Testing (VAPT) process and Load Testing until the Final VAPT and Load Testing certificate is obtained.
- g) The source code along with any other project related artifacts must be transferred to K-DISC before raising the final payment invoice.
- h) The Technology partner is responsible for covering expenses for promissory note and courier charges for the agreements and any addendums (if applicable).
- i) Technology partner shall submit the required utilization certificates in K-DISC format for processing payments other than advance payment.
- j) The Technology partner is responsible for any expenses related to SSL certificates, domain validation, etc.
- k) In manpower section the details of different types of resources should be provided along with duration of their engagement

7.1.2 AGREEMENT

An agreement shall be signed between K-DISC and the Technology Partner after due approvals. The Technology Partner is required to adhere to the following key terms of the agreement, along with any other terms specified

7.1.2.1 TERMINATION OF CONTRACT

- a) Either Party may terminate the Agreement by giving notice in writing to the other Party if,
 - i. the other Party materially breaches the Agreement and does not remedy the breach within 15 (fifteen) days of receipt of such written notice, or
 - ii. the other Party is or appears likely to be unable to pay its debts or become insolvent, or
 - iii. breaches any applicable law or regulation for the time being in force.
- b) Upon expiration/termination of the Agreement, the Technology Partner shall promptly deliver/ return without any pre-condition to Client all documents, data, source code and other information acquired by them from the Client. If Client is desirous of getting any further documents, data prepared/generated/ developed by the Technology Partner

pursuant to the Agreement or any Scope of Work, such documents/ data should be provided to Client after settling the payment dues, as per the agreed project milestones. The Technology Partner shall ensure Services to Client, for a reasonable period, to ensure a smooth transition.

- c) Upon early termination of the Agreement, the settlement shall be made after deducting any payments or other charges due from the client, as completed by Technology Partner and accepted by the Client, in accordance with payment milestone, to the Technology Partner under any of the clauses of the agreement.
- d) Termination based on non-delivery of products/services is not permitted, except in cases where Liquidated Damages (LD) and compensation are explicitly outlined as in clauses 6.2.5 below.

7.1.2.2 SETTLEMENT OF DISPUTES: -

(a) Amicable Settlement, -

If during the subsistence of the agreement, Parties have differences or disputes on any matter directly or indirectly related to and/or connected with the Agreement, the same would be resolved by mutual consultations and for which purpose the Parties shall engage with each other.

(b) Arbitration, -

In case the attempt to resolve differences and disputes does not result in amicable settlement within 21(twenty-one) days of such reference then, either Party may as per its position initiate disputes redressal by means of arbitration, in India, in accordance with the provisions of Arbitration and Conciliation Act, 1996(26 of 1996). The arbitration shall be presided upon by a sole arbitrator to be appointed by the mutual consent of the Parties. The venue of such arbitration shall be in Thiruvananthapuram, Kerala and the language of such arbitration proceedings and that of all documents and communications between the Parties shall be English. The decision of the arbitrator shall be final and binding on the Parties. The expenses of the arbitrator as determined by the arbitrator shall be shared equally by Client and the Technology Partner. However, the expenses incurred by each Party, in connection with the preparation, presentation of the documents shall be borne by the Party itself. All arbitration awards shall be in writing and shall state the reasons for such award.

7.1.2.3 GOVERNING LAW AND JURISDICTION

The Agreement, its meaning and interpretation, and the relation between the Parties shall be governed by the laws of the state of India ("Applicable Law"). Subject to clause "Settlement of disputes" mentioned above, the Courts of Kerala shall have exclusive jurisdiction. (The Client reserves the right to modify the agreement as may become necessary in terms of Government orders/circulars issued from time to time, during the term of this assignment based upon mutual consultation between both the parties.)

7.1.2.4 FORCE MAJEURE

- a) The Technology Partner shall not be liable for forfeiture of its performance security, liquidated damages, or termination for default if and to the extent that its delay in performance or other failure to perform its obligations under the Agreement is the result of an event of Force Majeure.
- b) For purposes of this clause, "Force Majeure" means an event beyond the control of the Technology Partner and not involving the Technology Partner's fault or negligence and not foreseeable. Such events may include, but are not restricted to, acts of the State Government

in its sovereign capacity, wars or revolutions, fires, floods, epidemics, quarantine restrictions and freight embargoes.

- c) If a Force Majeure situation arises, the Technology Partner shall promptly notify the Client in writing of such condition and the cause thereof. Unless otherwise directed by the Client /Government of Kerala in writing, the Technology Partner shall continue to perform its obligations under the Agreement as far as reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the Force Majeure event.
- d) It is hereby agreed between the parties that Force Majeure is applicable when need arises.

7.1.2.5 PENALTY

If the Technology partner abandons the project without fulfilling the terms and conditions of the agreement, they will be liable to return the amount received from the Client with interest (12% of the principal amount) and penal interest as applicable to the Government funds.

7.1.2.6 OEM CONDITIONS

OEM, as a recipient, shall ensure that their sub-recipients understand and acknowledge conditions and potential requirements that may be placed upon undertakings as a result of provisions of the Agreement with K-DISC. OEM shall defend, indemnify and hold K-DISC, and K-DISC's officers, directors, and employees and agents harmless against any and all third party claims against K-DISC, including, without limitation, claims of infringement or misappropriation of intellectual property rights, arising from: (a) the OEM Products or services provided by OEM in conjunction with the OEM Products excluding the Product, or (b) OEM's additions or changes to the Products, or use of the Products in combination with other materials not furnished by K-DISC or with systems, products or components not reasonably anticipated to be used with the Product or part thereof; and OEM shall pay in all such cases the costs, including reasonable attorney's fees, finally awarded against K-DISC, provided that K-DISC:

(i) timely notifies OEM of the claim, and (ii) gives OEM a copy of each communication relating to the claim, and (iii) gives OEM the authority, information, and assistance, at OEM's expense, reasonably necessary to defend or settle the proceeding. OEM agrees that any and all warranties made to K-DISC and End User Department shall be made only by the OEM. OEM acknowledges and agrees that OEM will make no additional representatives or warranties. In connection with any sale of the licensed software bundled with the OEM products, OEM shall expressly and conspicuously disclaim all express or implied warranties of merchantability or fitness for a particular purpose shall exclude liability for consequential damages and loss of profits and information. In addition to its indemnity obligations hereunder, OEM shall indemnify and defend K-DISC against any loss or damages, including attorney fees, arising out of OEM's failure to comply with its obligations regarding warranties.

7.1.2.7 GUARANTEE/WARRANTY

- a) During implementation period

During the implementation, the Technology Partner shall meet all conditions set forth in the Agreement and follow the implementation schedule strictly, failure to comply with the same, shall attract application of penalty clause.

- b) During Warranty period
 - i. Software

As part of the warranty covered as part of the agreement, the Technology partner shall.

- 1) Provide and install, at Technology partner's sole expense, with bug fixes and code corrections to correct software malfunctions in order to bring the services into substantial conformity with the specifications set forth in the projects scope of work. Bug fixes shall be acknowledged within one hour of the client intimating them and fixed within reasonable time as agreed with the client as per the severity of the bug.
- 2) Provide and install relevant updates of the software released by the Technology partner within the warranty period, installing them within 48 hours of release, without causing any downtime. In the event the Technology Partner foresees downtime requirement, the same shall be carried out with permission of the client
- 3) Ensure that the database used in the Project will be managed with reasonable care and diligence, and that any updates or modifications to the database and related changes to application will be performed in a timely manner, without causing any downtime. In the event the Technology Partner foresees downtime requirement, the same shall be carried out with permission of the client.
- 4) Perform any updates or modifications related to changes in configuration (App server/Web server, DB server etc.)/ operating system (OS)/ other operating environment of virtual machine's hosted at SDC in a timely manner, without causing any downtime. In the event the Technology Partner foresees downtime requirement, the same shall be carried out with permission of the client.
- 5) Take necessary steps for maintaining SSL Certification and Domain validation and maintenance, including the initial purchase and any subsequent renewal during the Warranty Period.
- 6) The Technology Partner shall provide timely and adequate support to the Client whenever necessary, including technical support and customer service. Such support shall be provided within 12 hrs from the receipt of the support request from the Client.
- 7) The Technology Partner is responsible for implementing security measures to protect the application from unauthorized access and promptly addressing any security issues within 12 hours of identification.
- 8) The Technology Partner must provide monthly reports to the Client that outline the application's performance, availability, and incidents that occurred during the reporting period.
- 9) The Technology Partner is responsible for 24/7 monitoring of the application, proactively detecting and resolving any issues within 24 hours of detection.
- 10) The Technology Partner is responsible for providing training and documentation to the Client's staff on the proper use of the application, which must be provided after before handing over the project to the End User Department
- 11) The Technology Partner must maintain adequate staffing levels to provide timely and effective support for the application and provide a designated point of contact for the Client's staff to contact in the event of any issues.
- 12) All issues raised during the warranty period must be addressed and resolved by the Technology Partner.

ii. Hardware

- 1) The Technology Partner shall ensure that any hardware components supplied as part of the project will be free from defects in materials and workmanship. If any such defects arise during this warranty period, the Technology Partner will repair or replace the defective hardware at no additional cost to the Client.
- 2) The Technology Partner shall ensure that
 - a. The hardware will meet the performance specifications specified in the Agreement throughout the warranty period
 - b. Periodic maintenance of the hardware is carried out as required.

- c. If any issues arise due to the Technology Partner's improper actions or omissions, the Technology Partner shall promptly correct the issues at no additional cost to the Client
- 3) The Technology Partner is responsible for providing training and documentation to the Client's staff whenever Hardware/ Equipment is repaired/upgraded during warranty period. The Technology Partner must maintain adequate staffing levels to provide timely and effective support for the Hardware/Equipment, and provide a designated point of contact for the Client's staff to contact in the event of any issues.
- c) During AMC period

The Technology Partner shall comply with all the conditions in the AMC Agreement to be signed upon mutual agreement.

7.1.2.8 CONTRACT PERIOD / DURATION OR VALIDITY

The agreement is valid for one year with effect from the date of signing of the Agreement, covering the installation and commissioning and the warranty period.

7.1.2.9 CHANGE ORDERS / MANAGEMENT OF CHANGE IN SCOPE OF WORK: -

The Agreement is based on the scope of work given in 'Schedule A', furnished as part of agreement as well as in the K-DISC Project proposal as approved by end user department. Any change in Scope of Work, and any delay from end user department/ K-DISC with respect to approvals, site readiness etc. or decisions of end user department/K-DISC which may result in:

- a) Enhancement to Geographical, Functional or Technical Scope of Work
- b) Postponement of the major milestones in Project Plan or
- c) Any other matter to be mutually identified and agreed by the parties and shall be subject to the following change management process:
 - i. A Scope Change Request ("SCR") as raised by either the Client or Technology Partner's Project Manager accompanied by suitable supporting documents.
 - ii. Technology Partner shall prepare a detailed estimate of actual efforts to be required together with an estimate of additional fees and likely impact on the Project Plan for each SCR
 - iii. Only upon formal written approval by Client of the SCR, together with cost and time estimates, Technology Partner shall commence any work arising out of the SCR(s).

On approval by K-DISC, a new appendix containing the changes to the Agreement shall be mutually signed and appended to the Agreement, which together with the existing Schedules, shall constitute the entire Agreement.

7.1.2.10 SUB CONTRACT

The bidder shall notify K-DISC in writing of all subcontracts awarded under the contract if not already specified in his bid. Such notification, in the original bid or later shall not relieve the bidder from any liability or obligation under the contract.

7.1.2.11 RISK PURCHASE CLAUSE

Purchaser shall reserve the right to terminate the order or contract and purchase from anywhere at the risk and cost of the vendor, either the whole part of the system/goods which the vendor has failed to deliver within the stipulated delivery period or if the same were not available, the best and the nearest available substitute(s) thereof. The vendor would be liable to compensate the purchaser for any loss, which the purchaser may sustain

by reason of such purchase. This clause will be operated only after completion of delivery period including extended period with penalty.

7.1.2.12 Project Monitoring and Feedback Collection

- a) The Technology Partner shall monitor and track the progress, milestones, and overall performance of the project. The project monitoring should include regular status meetings, progress reports, and key performance indicators (KPIs) to assess project success.
- b) The Technology Partner shall provide regular project status reports to the client, outlining the achieved milestones, deliverables, and any significant project updates. The frequency and format of the reports shall be defined and agreed upon by the client.
- c) The Technology Partner shall take necessary actions for collecting feedback from the client & end user department regarding the project's progress, quality, and adherence to requirements. Feedback collection methods may include surveys, meetings, or other communication channels to gather input from client & end user department.
- d) The Technology Partner shall review and analyze the feedback received from the client and end user department promptly. Based on the feedback, the Technology Partner shall develop an action plan to address any identified issues, concerns, or areas for improvement.
- e) The Technology Partner shall document the lessons learned from the project monitoring and feedback collection process.