

403. **"Lump Sum "Contracts.** ♦ The Lump Sum Contract is a contract under which the contractor engages to carry out a work or effect supply as specified and within a given period for a fixed total sum; his receipt of this sum being dependent on his completing the work or supply to specification and time, irrespective of the actual quantities and kind of work done or materials supplied in achieving his result.

404. In the case of such contracts a scale of rates or prices may be agreed upon by which enhancement of or reduction from the lump sum may be regulated in the event of any departures from the work or supply as specified being made subsequently under the orders of competent authority; or by which reduction may be made, at the discretion of competent authority for failure on the contractor's part to conform to specification.

405. **Schedule Contracts.** ♦ The Schedule Contract is a contract under which the contractor engages to carry out a work or effect supply as specified and within a given period at fixed unit rates or prices for each of the various items comprising such work or supply, the sum he is to receive depending on the actual quantities and kinds or work done or materials supplied in completing the work or supply to specification and time. It is not repugnant to the above definition to show in such contracts the approximate amount of the contract, based on approximate quantities and the fixed unit rates.

406. **Piece-Work Contracts.** ♦ This means a contract under which only unit rates or prices for various kinds of work or materials are agreed upon, without reference either to the total quantity of work to be done or material supplied; or to the quantity of work to be done or material supplied within a given period.

407. **Rate Contracts.** ♦ The Rate Contract is a contract under which, during the period of its currency, the contractor engages to supply materials on demand, irrespective of quantity, at fixed unit rates or prices, within a given period of the receipt of such demand.

408. **Running Contracts.** ♦ The Running Contract is one under which, during the period of its currency the contractor engages to supply, and the other party to the contract to take, a specified quantity (with a percentage tolerance either way) of materials, as and when ordered, at fixed unit rates or prices, within a given period of the receipt of such order.

Note. ♦ The "Rate" and "Running" forms of contract are primarily intended for application to "Stores" contracts.

409. **" Fixed Quantity" Contract.** ♦ This means a contract for a definite quantity of materials to be delivered in one or more instalments, delivery of each instalment being completed by a definite date.