



CENTRAL PUBLIC WORKS DEPARTMENT

OFFICE MEMORANDUM

No.DGW/CON/ 199

ISSUED BY AUTHORITY OF DIRECTOR GENERAL OF WORKS

NIRMAN BHAVAN, NEW DELHI

DATED 2.9.04

Subject: Payment due to change in prices of cement and/or steel reinforcement bars in CPWD contracts where Clause 10CC is not applicable.

Escalation under Clause 10CC of General Conditions of Contract (GCC) is not payable for a work for which stipulated period of completion is 18 months or less. This was discussed in the meeting of Technical Board on 23.6.04 and it was decided that escalation in such cases be made payable in respect of reinforcement steel bars and/or cement only. Accordingly, a new Clause 10CA as per Annexure to this office memorandum, is introduced which will be applicable for cement and/or steel reinforcement bars only where as Clause 10C (amended vide DGW/CON/174) will be applicable for other components.

Further Clause 10CC of GCC (in continuation to partial amendment issued vide DGW/CON/174) is partially amended as follows:-

Existing		Modified	
Payment due to increase/decrease in prices/Wages after receipt of tender for works (Time period more than 18 months)	If the prices of materials (not being materials supplied or services rendered at fixed prices by the Department in accordance with Clauses 10 & 34 thereof) and/or wages of labour required for execution of the work increase, the contractor shall be compensated for such increase as per provisions detailed below and the amount of the contract shall accordingly be varied, subject to the condition that such compensation for escalation in prices shall be available only for the work done during the stipulated period of the contract. No escalation shall be paid for work executed in extended contract period even if extension of time is granted without any action under Clause 2 and also	Payment due to increase/decrease in prices/Wages after receipt of tender for works	If the prices of materials (not being materials supplied or services rendered at fixed prices by the Department in accordance with Clauses 10 & 34 thereof) and/or wages of labour required for execution of the work increase, the contractor shall be compensated for such increase as per provisions detailed below and the amount of the contract shall accordingly be varied, subject to the condition that such compensation for escalation in prices shall be available only for the work done during the stipulated period of the contract. No escalation shall be paid for work executed in extended contract period even if extension of time is granted without any action under Clause 2 and also no such compensation shall be payable for a work for which the

Seenu Ch
2/9/04

DGW/CON/199 Dt 2/9/04

<p>no such compensation shall be payable for a work for which the stipulated period of completion is 18 months or less. Such compensation.....</p> <p>viii) In the event.... mutandis apply, provided that:</p> <p>a) No such adjustment for the decrease in the price of materials and/or wages of labour aforementioned would be made in case of contracts in which the stipulated period of completion of the work is eighteen months or less.</p> <p>ix) Provided always that the provision of the preceding Clause 10C shall not be applicable for contracts where provisions of this clause are applicable but in cases where provisions of this clause are not applicable, the provisions of Clause 10C will become applicable.</p>	<p>stipulated period of completion is as specified in Schedule - F. Such compensation.....</p> <p>viii) In the event.... mutandis apply, provided that:</p> <p>a) No such adjustment for the decrease in the price of materials and/or wages of labour aforementioned would be made in case of contracts in which the stipulated period of completion of the work is as specified in Schedule - F.</p> <p>ix) Provided always that the provision of the preceding Clause 10C and 10CA shall not be applicable for contracts where provisions of this clause are applicable but in cases where provisions of this clause are not applicable, the provisions of Clause 10C and 10CA will become applicable.</p>
--	---

Following items are added in Schedule - F in respect of applicability of Clause 10CC. This be inserted in Schedule - F between Clause - 7 and Clause - 11 as following:-

Existing		Modified	
Clause 7 - Gross work to interim payment.	-----	Clause 7 - Gross work to interim payment.	-----
No provision		Clause 10CC - Clause 10CC to be applicable in contracts with stipulated period of completion exceeding the period shown in the next column.	18 months
Clause 11 - Specifications to be followed for execution of work.	-----	Clause 11 - Specifications to be followed for execution of work.	-----

[Signature]
Superintending Engineer (C&M)

Issued from file No. CSQ/CM/37(6)/2004
Copy forwarded as per mailing list attached

Payment due to increase/decrease in prices of cement and steel reinforcement bars after receipt of tender

CLAUSE 10CA

If after submission of the tender, the price of cement and/or steel reinforcement bars incorporated in the works (not being a material supplied from the Engineer-in-Charge's stores in accordance with Clause 10 thereof) increase and such increase in the price prevailing at the time of the last stipulated date for receipt of tenders including extension, if any for the work, then the amount of the contract shall accordingly be varied and provided further that any such increase shall not be payable if such increase has become operative after the stipulated date of completion of work in question.

If after submission of the tender, the prices of cement and/or steel reinforcement bars incorporated in the works (not being a material stipulated from the Engineer-in-Charge's stores in accordance with the Clause 10 thereof) is decreased, Government shall in respect of these materials incorporated in the works (not being materials supplied from the Engineer-in-Charge's stores in accordance with Clause 10 thereof) be entitled to deduct from the dues of the contractor such amount as shall be equivalent to the difference between the prices of cement and/or steel reinforcement bars as prevailed at the time of last stipulated date for receipt of tenders including extensions if any for the work and the prices of these materials on the coming into force of such base price of cement and/or steel reinforcement bars issued under authority of Director General (Works) CPWD.

The increase/decrease in prices shall be determined by the All India Wholesale Price Indices for Cement and Steel (bars and rods) as published by Economic Adviser to Government of India, Ministry of Commerce and Industry and base price for cement and/or steel reinforcement bars as issued under authority of Director General (Works), CPWD as valid on the last stipulated date of receipt of tender, including extension if any and for the period under consideration.

The amount of the contract shall accordingly be varied for cement and/or steel reinforcement bars and will be worked out as per the formula given below:

a) Adjustment for component of 'cement'

$$V_c = P_c \times Q_c \times \frac{C_1 - C_{10}}{C_{10}}$$

Where,

V_c: Variation in cement cost i.e. increase or decrease in the amount in rupees to be paid or recovered.

Sanjay
24/11/04

Pc : Base price of cement as issued under authority of DG(W), CPWD valid at the time of the last stipulated date of receipt of tender including extensions, if any.

Qc: Quantity of cement used in the works since previous bill.

Clo : All India whole sale price index for cement as Published by the Economic Advisor to Government of India, Ministry of Industry and Commerce as valid on the last stipulated date of receipt of tenders including extensions, if any.

CI : All India whole sale price Index for cement for period under consideration as published by Economic advisor to Government of India, Ministry of Industry and Commerce.

(b) Adjustment for component of 'Steel'.

$$Vs = Ps \times Qs \times \frac{SI - SIo}{SIo}$$

Where,

Vs: Variation in cost of steel reinforcement bars i.e. increase or decrease in the amount in rupees to be paid or recovered.

Ps : Base price of steel reinforcement bars, as issued under authority of DG(W), CPWD at the time of the last stipulated date of receipt of tender including extension, if any.

Qs : Quantity of steel paid either by way of secure advance or used in work since previous bill. (whichever is earlier)

SIo : All India Wholesale Price Index for steel (bars & rods) for the period under consideration as published by Economic Advisor to Govt. of India, Ministry of Industrial and Commerce as valid on the last stipulated date of receipt of tender including extensions, if any.

SI: All India Wholesale Price Index for Steel (bars & rods) for the period under consideration as published by Economic Advisor to Govt. of India, Ministry of Industry & Commerce.

Provided always that provision of the preceeding clause 10C shall not be applicable in respect of cement and/or steel reinforcement bars.

Signature
2/9/14