

GOVERNMENT OF INDIA
Ministry of Road Transport & Highways
(Planning Zone)

No.NH-18011/1/2012-P&M

Dated, the 8th February, 2013

To,

1. The Principle Secretaries / Secretaries of States / Union Territories, Public Works Department (dealing with National Highways, other Centrally Sponsored Schemes and State Schemes)
2. The Engineer-in-Chief and Chief Engineers of Public Works Department of State / Union Territories (dealing with National Highways, other Centrally Sponsored Schemes and State Schemes)

Sub: Delegation of powers of the Ministry to Regional Officers - reg.

Sir,

In continuation of this Ministry's letter number NH-18019/5/2004-P&M (Pt.) dated 16.01.2006 on the subject above, the para-2 and the enclosure thereto may be replaced with the following;

2. Approvals for tender premium / variations / extra items / escalation / price adjustment: For approval of tender premium/variation/extra items/escalation/price adjustment, for various components, the following guidelines shall apply:

2.1 Tender premium: The existing delegation to the State Governments to accept tenders up to 5% of the sanctioned amount would continue. In this regard it is clarified that the sanctioned amount for this purpose will be considered as the sanctioned amount of the component of work put to tender.

2.2 Escalation / Price adjustment: The Regional Officers are empowered to accept escalation / price adjustment subject to;

- a) The Escalation / Price adjustment shall be as per the terms and conditions of the contract.
- b) The overall excess due to tender premium, escalation / price adjustment, variation and extra items is within the 5% over the sanctioned amount.

2.3 Variations / extra items: The Regional Officers are empowered to accept variations in the quantities of BOQ items and permit extra items up to the 5% over the amounts for works plus the amount for contingencies provided in the sanctioned estimate, subject to the following conditions;

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- a) The variations shall be consistent with the provisions of contract,
- b) Proposal for the variations and / or extra items etc. will have to be referred to the Regional Officer by the Chief Engineer of the State dealing with the National Highways,
- c) The overall excess due to tender premium, variation and extra items is within the 5% over the amounts for works plus the amount for contingencies provided in the sanctioned estimate,
- d) The overall excess due to tender premium, escalation / price adjustment, variation and extra items is within the 5% over the sanctioned estimate,
- e) Savings due to tender discounts (the sanctioned amount of the items put to tender **minus** amount of the same items of work based on tender) will be excluded for working out the excess due to variations and extra items. In such cases, the variations which can be allowed by Regional Officer will be 5% of value of work based on tender plus the amount provided for contingency.

(some sample cases have been given in the enclosure to this letter for the sake of clarity)

3. This issues with the concurrence of Finance Wing and approval of Secretary (RT&H).
4. It is requested that the contents of this letter may be brought to the notice of all concerned for needful compliance.

Yours faithfully,

Encl. – As above.


(Maya Prakash)

Deputy Secretary to the Government of India

Copy for information to:-

1. All ROs/ELOs of the Ministry.
2. All RPAOs of the Ministry.

Copy also to:-

1. PPS to Secretary (RT&H)
2. PS to DG(RD)&SS
3. PPS to AS&FA
4. PPS/PS to ADGs
5. PS to Pr. CCA
6. All Chief Engineers
7. Dir. (F)

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Enclosure to letter No. NH-18011/1/2012-P&M, dated, 8th February, 2013

Example:-

Consider an estimate sanctioned with work value of Rs. 100 lakhs as per the following details:-

Sl. No.	Provision	Sanction Amount (SA) (Rs. in lakhs)	%
1.	Estimated amount of work	100	-----
2.	Provision for contingencies	2.80	2.8% of 1
3.	Provision of w/c establishment	1.54	1.5% of 1&2
4.	Provision of Q/C	1.03	1% of 1&2
5.	Provision for Agency charges	9.25	9% of 1&2
	Total	114.62	

Permissible excess $\leq$ 5% of 114.62 lakh
 $\leq$ Rs 5.73 lakhs

Thus total expenditure (TE) including tender premium, variations, new items, escalation / price adjustment is limited to Rs 120.35 lakhs (Rs 114.62 lakhs +5.73 lakhs).

Case I: (No Tender Premium)

Permissible variation / extra items (VE) $\leq$ 5% of 102.8 lakhs
 $\leq$ Rs 5.14 lakhs

Price escalation / Escalation (ES) is governed by contract condition and can be accepted by Regional Officer so long as $SA+VE+ES \leq TE$

Case II: (Tender Premium)

Permissible tender premium (TP) $\leq$ 5% of Rs. 100 lakhs
 $\leq$ Rs 5 lakhs

Permissible variation / extra items (VE) $\leq$ 5% of Rs. 102.8 lakhs
 $\leq$ Rs 5.14 lakhs

Price escalation / Escalation (ES) is governed by contract condition and can be accepted by Regional Officer so long as $SA+TP+VE+ES \leq TE$

Contd... (4)

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Case III: (Tender Discount)

Let tender premium (TP) is -10%

Sl. No.	Provision	Sanction Amount based on estimate (Rs. in lakhs)	%	Amount based on tender (Rs. in lakhs)
1.	Estimated amount of work	100	-----	90
2.	Provision for contingencies	2.80	2.8% of 1	2.8
3.	Provision for w/c establishment	1.54	1.5% of 1&2	1.54
4.	Provision of Q/C	1.03	1% of 1&2	1.03
5.	Provision for Agency charges	9.25	9% of 1&2	8.35 (9% of 92.8)
	Total	114.62		103.72

Permissible variation/extra items (VE) $\leq$ 5% of Rs. 92.8 lakhs
 $\leq$ Rs 4.64 lakhs

Price escalation / Escalation (ES) is governed by contract condition and can be accepted by Regional Officer so long as $SA+VE+ES \leq TE$

Note: The permissible variations (VE) are in addition to contingencies for utilization of which Regional Officers have been delegated powers vide Ministry's letter no NH-22023/1/12-P&M dated the 8th January, 2013.
