

GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

R&B- Road and Bridge Works – Price Adjustment for Steel, Cement, Bitumen and POL and Adoption of Overhead Charges - Accorded – Orders – Issued.

TRANSPORT, ROADS & BUILDINGS (R.I) DEPARTMENT

G. O. Rt. No. 86.

Dated:27.7.2006.

Read the following:

1. Govt. Memo. No. 5126/R.I(2)/2005-5, Dt: 30.08.2006.
2. From the ENC(R&B) Administration Letter No. 67252/TA1/AEE1/2005, Dt: 25-10-2005.



ORDER:

In the Government Memorandum 1st read above, orders have been issued for adoption of Price Adjustment Clause in respect of Steel, Cement, Bitumen and POL for all Bridge Works costing more than Rs. 50.00 lakhs and to be completed within a time schedule of more than 6 months. In suppression of the above instruction the Government hereby issue the following comprehensive orders.

A) PRICE ADJUSTMENT:

- 1) This Price Adjustment clause shall apply for Steel, Cement, Bitumen and POL for all the road works and bridge works including ROBs/RUBs , where the estimate contract value is Rs. 50.00 lakhs and above and where the time schedule presented is 6 months and above.
- 2) Price adjustment shall apply only for the work carried out within the Agreement period and shall not apply to work carried out beyond the agreed period of completion.
- 3) Price Adjustment shall be calculated separately for the components of the payment for work done in the manner explained in paras (5) to (8) below.
- 4) In the formulas of Price Adjustment, IR the value of work shall calculate Seigniorage Charges, VAT and all other overhead charges.
- 5) **Adjustment clause for Cement component shall be as follows:**

Price adjustment for increase or decrease in the cost of cement procured by the contractor shall be paid in accordance with the following formula.

$$V_c = 0.85 \times P_c / 100 \times R (C_i - C_o) / C_o.$$

V_c = Increase or decrease in the cost of work done during the period under consideration due to changes in the rates for Cement.

C_o = The all India Average Wholesale Price Index for cement on the day 28 days prior to the closing date of submission of bids as published is the Ministry of Industrial Development, Government of India, New Delhi.

C_i = The all India Average Wholesale Price Index for Cement on the day 28 days prior to the last date of the measurement recorded to which a particular bill payment is related, as published by the Ministry of Industrial Development, Government of India, New Delhi.

Pc = Percentage of Cement component of the work (to be worked out for each work and provided for in the bid document).

6) Adjustment for steel component shall be as follows:

Price adjustment for increase or decrease in the cost of Steel procured by the contractor shall be paid in accordance with the following formula.

$V_s = 0.85 \times P_s / 100 \times R (S_i - S_o) / S_o$

Vs = Increase or decrease in the cost of work done during the period under consideration due to changes in the rates of steel.

So = the All India Average Wholesale Price Index for Steel on the day 28 days prior to the closing date of submission of bids as published by the Ministry of Industrial Development, Government of India, New Delhi.

Si = The All India Average wholesale price index for steel on the day 28 days prior to the last date of the measurement recorded to which a particular bill payment is related, as published by the Ministry of Industrial Development, Government of India, New Delhi.

Ps = Percentage of Steel component of the work (to be worked out for each work and provided for in the bid document).

7) Adjustment clause for Bitumen component shall be as follows:

Price adjustment for increase or decrease in the cost of Bitumen procured by the contractor shall be paid in accordance with the following formula.

$V_b = 0.85 \times P_b / 100 \times R (B_i - B_o) / B_o$

Vb = Increase or decrease in the cost of work done during the period under consideration due to changes in the rate of bitumen.

Bo = the Average wholesale price of bitumen at the refinery on the day 28 days prior to date of submission of bids. The nearest refinery provided in the sanctioned estimate shall be considered.

Bi = The Average wholesale price of bitumen at the refinery on the day 28 days prior to the last date of measurement recorded to which a particular bill payment is related.

Pb = Percentage of bitumen component of the work (to be worked out for each work and provided for in the bid document).

8) Adjustment clause for POL component shall be as follows:

Price adjustment for increase or decrease in the cost of POL procured by the contractor shall be paid in accordance with the following formula.

$V_f = 0.85 \times P_f / 100 \times R (F_i - F_o) / F_o$

Vf = Increase or decrease in the cost of work done during the month under consideration due to changes in the rate for POL.

Fo = The Average wholesale price of High Speed Diesel (HSD) at the existing consumer pumps of BPC at Hyderabad on the day 28 days prior to date of submission of bids.

Fi = The Average wholesale price of high speed diesel(HSD) at the existing consumer pumps of BPC at Hyderabad on the day 28 days to the last date of measurement recorded to which a particular bill payment is released.

Pf = Percentage of POL component of the work shall be 15%.

B) OVER HEAD CHARGES:

- a) For Bridge works, the overhead charges shall be adopted as 19% including component of VAT.

- b) For road works, the overhead charges shall be adopted as 10% including component of VAR
 - c) The components in the overhead charges include LA & LI/VAT/Sales Tax/Insurance/Compensation/Site Supervision/Quality Control Charges and Bankers charges etc., as specified in MORTH Standard Data Book No additional payment or reimbursement towards these components shall be claimed separately and none of them shall figure as part of estimate separately.
2. The Engineer-in-Chief (R&B) Administration shall take necessary action in the matter.
3. This order issues with the concurrence of the Finance Department vide this U. O. No. 1201/106/Expr. PW/A2/06, Dt: 24.2.2006.
(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

BINOY KUMAR
SECRETARY TO GOVERNMENT

To
The ENC(R&B) Administration, Hyderabad
Copy to:
The Accountant General, A.P., Hyderabad.
The Finance (Expr. PW) Department.
The PS to Minister(R&B and Ports).
The PS to Secretary to Government, TR&B Department.
The Advisor, QC for R&B, Hyderabad
SF/SC

//FORWARDED BY ORDER//

Sd/-
SECTION OFFICER