

E. Cost Control

GCC 53.1	The currency of the Employer's country is: Indian Rupees (INR)
GCC 54.1	<p>Prices quoted by successful Bidder shall be subject to adjustment during the Contract execution.</p> <p>The Contract is subject to price adjustment in accordance with GCC Clause 54, and the following procedure shall apply.</p> <p>The contract price shall be adjusted for increase or decrease in rates and price of Labour, Cement, Steel, Bitumen, Pipes, POL & other material component is subject to price adjustment in accordance with the following principles and procedures as per formula given below:-</p> <p>(A)(i) : REIMBURSEMENT/RECOVERY DUE TO VARIATION IN PRICES OF MATERIALS OTHER THAN (STEEL, CEMENT, BITUMEN, PIPES & P.O.L.),</p> <p>If during the progress of the work the price of any material (excluding the cost of steel, cement & bitumen & P.O.L.) incorporated in the work (not being materials supplied from the Engineer-in-Charge's store) in accordance with clause there of increases or decreases as a result of increase or decrease in the Average wholesale price index (all commodities), and the contractor there upon necessarily and properly pays in respect of that materials incorporated in the work such increased or decreased price, then he shall be entitled to reimbursement or liable to refund, quarterly as the case may be, such an amount as shall be equivalent to the plus or minus difference of 85% in between the Average wholesale Price Index (all commodities) which is operating for the quarter under consideration and that operated for the quarter in which the bid was received (last date of receipt), as per the formula indicated below provided that the work has been carried out within the stipulated time or extension thereof as are not attributable to him. If penalty is levied for delayed completion of the work, the contractor shall not be eligible to get price escalation on the above materials on the value of works executed during the extended period.</p> <p>This clause will be applicable to the contracts where original stipulated period of completion is more than 18 months.</p> <p>In the situation where the period of completion is initially stipulated the agreement as less than 18(eighteen) months but subsequently the completion period has been validly extended on the ground that the delay in completion is not attributable to the</p>

contractor and in the result the total period including the extended period stands more than 18(eighteen) months or more, price escalation for other materials is admissible only for the remaining period excluding 18(eighteen) months there from.

Formula to calculate the increase or decrease in the price of materials:

Price adjustment for increase or decrease in cost of materials other than cement, steel, bitumen, pipes and POL procured by the contractor shall be paid in accordance with the following formula.

$$V_m = 0.85 * P_m / 100 * R * (M_i - M_o) / M_o$$

V_m = Increase or decrease in the cost of work during the quarter under consideration due to changes in rates of materials other than cement, steel, bitumen, pipes and POL.

R = Value of work done during the quarter under consideration excluding the work executed under extra items if any at prevailing schedule of rate/ derived rates.

M_o = The all India Wholesale Price Index (all commodities) prevailed during the quarter of last date of receipt of the bids (as published by the Economic Advisor to Govt. of India, Ministry of Industry and Commerce, New Delhi).

M_i = The average Wholesale Price index (all commodities) for the quarter under consideration.

P_m = Percentage of material component (other than cement, steel, bitumen, pipes and POL) of the work, as indicated in clause (d) below.

(A)(ii): REIMBURSEMENT/RECOVERY OF DIFFERENTIAL COST DUE TO VARIATION IN PRICES OF PRINCIPAL MATERIALS (STEEL, CEMENT, BITUMEN AND PIPES NOT ISSUED BY DEPARTMENT) AFTER SUBMISSION OF TENDER:

If after submission of tender, the prices of Steel, Cement, Bitumen and Pipes (not being supplied by the department) increases/decreases beyond the price(s) prevailing at the time of the last date for submission of tenders including extension for the work, the contractor shall be eligible to get differential cost due to such hike on the value of works executed during the stipulated period and during the extended period when the reason of delay in completion of the work is not attributable to the Contractor. If penalty is levied for delayed completion of the work, the Contractor shall not be eligible to get price variation on the above materials on the value of works executed during the extended period.

Reimbursement in case of differential cost due to increase in prices of cement, steel,

bitumen and pipes are to be made by the Executive Engineer with prior approval of tender accepting authority subject to following conditions:

- 1) Contractors have to submit the vouchers showing procurement of different materials from authorised dealers for the said works.
- 2) Differential cost will be allowed only for the works which are progressed as per the approved work programme / revised work programme duly approved by the Engineer-in-charge.

Recovery in case of decrease in prices of cement, steel, bitumen and pipes shall be made by concerned Executive Engineer from the Contractor immediately.

The increase/decrease in prices of cement, steel, Bitumen and Pipes for reimbursement/recovery shall be determined as follows:

a) Adjustment towards differential cost of Cement

$V_c = (C_i - C_o) / C_o \times \text{Actual quantity of cement utilized in the work during the quarter under consideration} \times \text{base price of cement as prevailing on the last stipulated date of tender including extension, if any.}$

V_c = Differential cost of cement i.e. amount of increase or decrease in rupees to be paid or recovered.

C_i = All India Wholesale Price index for cement for the quarter under consideration as published by Economic Advisor, Govt. of India, Ministry of Industry and Commerce, New Delhi.

C_o = All India Wholesale Price index (as published by Economic Advisor, Govt. of India, Ministry of Industry and Commerce, New Delhi) for cement as prevailing on the last stipulated date of receipt of tender.

b) Adjustment towards differential cost of Steel

$V_s = (S_i - S_o) \times \text{Actual quantity of steel utilized in the work during the quarter under consideration.}$

V_s = Differential cost of steel i.e. amount of increase or decrease in rupees to be paid or recovered.

S_i = Cost of Steel as prevailed during the period under consideration as fixed by Steel Authority of India.

S_o = Base price of Steel prevailing as on last date of submission of tender including extension, if any.

c) Adjustment towards differential cost of bitumen:

$V_b = (B_i - B_0) \times$ Actual quantity of Bitumen utilized in the work during the quarter under consideration.

V_b = Differential cost of Bitumen i.e. amount of increase or decrease in rupees to be paid or recovered.

B_i = Average cost of Bitumen prevailed during the period under consideration as fixed by IOCL / BPCL / HPCL.

B_0 = Base price of bitumen as prevailing on the last stipulated date of receipt of tender including extension, if any.

d) Adjustment towards differential cost of Pipes:

$V = 0.85 \times P_p / 100 \times R (P_i - P_o) / P_o$

V_p = Differential cost of pipe i.e. amount of increase or decrease in rupees to be paid or recovered during the quarter under consideration.

P_p = Percentage of pipe component of the works as indicated in the clause (D).

R = Value of work done during the quarter under consideration excluding the value of work executed under extra items, if any, at prevailing schedule of rates or derived rate.

P_i = All India Whole sale price index for the period under consideration as published by Economic Adviser, Govt. of India, Ministry of Industry and Commerce, New Delhi, for the type of pipe under consideration.

P_o = All India Whole sale price index (as published by Economic Adviser., Govt. of India, ministry of Industry and Commerce New Delhi) as on last stipulated date of receipt of tender including extension, if any, for the type of pipe under consideration.

(B): REIMBURSEMENT / REFUND DUE TO STATUTORY RISE IN COST OF MINIMUM WAGES BY GOVERNMENT:

If after submission of the tender, the wages of labour increases or decreases as a direct result of the coming into force of any fresh law, or statutory rule or order beyond the wages prevailing at the time of the last date of submission of tenders including extension, the contractors shall be eligible to get escalation due to such hike on the value of works executed during the stipulated period and during the validity extended period when the delay in completion is not attributable to the contractor. If penalty is levied for delayed completion of the work, the contractor

shall not be eligible to get escalation on labour on the value of works executed during the extended period.

The contractor shall, within a reasonable time of his becoming aware of any alteration in the price of any such wages of labour, give notice thereof to the Engineer-in-charge stating that the same is given pursuant to this condition together with all information relating thereto which he may be in a position to supply. Engineer-in-charge may call books of account and other relevant documents from the contractor to satisfy himself about responsibility of increase in prices of wages and actual payment thereof. For this purpose, the labour component of the work executed during period under consideration shall be the percentage (as specified in table below) of the value of work done during that period and the increase / decrease in labour shall be considered on the cost of minimum daily wages of any unskilled Labourer, fixed by the Government of Odisha under Minimum wages act.

The composition for escalation for Labour shall be worked as per the formula given below:

$$V_i = 0.85 \times P_i / 100 \times R \times (L_i - L_0) / L_0$$

V_i = Increase or decrease in the cost of work during the quarter under consideration due to changes in rates of minimum wages.

R = Value of work done during the quarter under consideration excluding the work executed under extra items if any at prevailing schedule of rate / derived rates.

L_0 = The minimum wages for Labour as notified by State Government , as prevailing on the last stipulated date of receipt of tender including extension, if any

L_i = The minimum wages for Labour as notified by State Government , as prevailing on the last date of quarter previous to the one under consideration. In respect of the justified period extended, the minimum wage prevailing on the last date of quarter previous to the quarter pertaining to stipulated date of completion or the minimum wage prevailing on the last date of the quarter previous to the one under consideration, whichever is less, shall be considered.

P_i = Percentage of labour component of the work, as indicated in the clause (D).

(C): REIMBURSEMENT / REFUND DUE TO VARIATION IN PRICES OF P.O.L

Similarly, if during the progress of work, the prices of Diesel, Petrol, Oil and Lubricants increases or decreases as a result of the price fixed thereof by the

Government of India and the contractor there upon necessarily and properly pays such increased or decreased price towards Diesel, Petrol, Oil and Lubricants used in the execution of the work, then he shall be entitled to reimbursement of liable to refund, quarterly, as the case may be such an amount as shall be equivalent to the plus or minus difference of 85% in between the price of P.O.L. which is operating for the quarter under consideration and that operated for the quarter of last date of receipt of bids as per the formula indicated below provided that the work has been carried out within the stipulated time or extension thereof as are not attributable to him. If penalty is levied for delayed completion of the work, the contractor shall not be eligible to get price escalation on POL on the value of works executed during the extended period.

Formula to calculate the increase or decrease in the price of P.O.L.

$$V_f = 0.85 \times P_f / 100 \times R \times (F_i - F_0) / F_0$$

V_f= Increase or decrease in the cost of work during the quarter under consideration due to changes in rates for P.O.L.

P_f= Percentage of P.O.L. component of the work, as indicated in clause – (D) below.

R= Value of work done during the quarter under consideration excluding the work executed under extra items if any at prevailing schedule of rate / derived rates.

F_i= All India Whole sale price index for fuel, oil and lubricant (High Speed Diesel) for the quarter under consideration as published by Economic Adviser, Govt. of India, Ministry of Industry and Commerce, New Delhi. In respect of the justified period extended, the rates prevailing at the time of stipulated date of completion or the prevailing rates of the period under consideration, whichever is less, shall be considered.

F₀= All India Whole sale price index for Fuel, Oil and lubricant (High Speed Diesel) as prevailing on the last stipulated date of receipt of tender including extension, if any.

(D): The following percentage will govern the price adjustment for the entire contract for different types of works as applicable given in the following table:

Percentage Table

Sl. No.	Category of Works	% component (cost wise)		
		Labour (P _l)	POL (P _f)	Steel+Cement + Bitumen+

						Other Materials
1.	R&B Works (% of component)	Road works		5	5	90
		Bridge work		20	5	70
		Building Works		25	-	75
2.	Irrigation Works	Structural Work		20	5	75
		Earth, Canal, Embankment Work		25	10	65
3.	P.H. Work	Structural Work		25	5	70
		Pipeline Work		5	-	<u>*Pipe-70%</u>
		Sewer Line		10	-	Other Material-25%
						<u>*Pipe-70%</u>
						Other Material-20%

***Note:- Further break up may be worked out considering the consumption of Cement, Steel, Bitumen and Pipe in the concerned works for the period under consideration.**

(E) : APPLICATION OF ESCALATION CLAUSE:

- (i) The Contractor shall for the purpose of availing reimbursement / refund of differential cost of steel, bitumen, cement, pipe, POL and wages, keep such books of account and other documents as are necessary to show that the amount of increase

claimed or reduction available and shall allow inspection of the same by a duly authorized representative of Government and further, shall at the request of the Engineer-in-charge, furnish documents to be verified in such a manner as the Engineer-in-Charge may require any document and information kept. The contractor shall within a reasonable time of 15 days of his becoming aware of any alteration in the price of such material, wages of labour and/or price of POL give notice thereof to the Engineer-in-charge stating that the same is given pursuant to this condition along with information relating thereto which he may be in a position to supply.

(ii) The compensation for escalation shall be worked out at quarterly intervals and shall be with respect to the cost of work done as per bills paid during the three calendar months of the staid quarter. The first such payment shall be made at the end of three months after the months excluding the month in which tender was accepted and thereafter at three months interval. At the end of completion of the work, the last period for payment might become less than 3 months depending on the actual date of completion.