

भारतीय राष्ट्रीय राजमार्ग प्राधिकरण
(पोत परिवहन, सड़क परिवहन और राजमार्ग मंत्रालय)
National Highways Authority of India
(Ministry of Shipping, Road Transport and Highways)

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No.NHAI/12011/GM(N-1)/NS-35/2005/Pt.

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August 25, 2011

POLICY MATTER: TECH (86/2011)

(Decision taken on File No. NHAI/12011/GM(N-1)/NS-35/2005/Pt.)

Sub: Price adjustment in Item Rate Contracts of NHAI- reg.

References has been received from Project Implementation Units (PIUs) seeking clarification whether while calculating the price adjustment as per "Price Adjustment formula" (generally Clause 70.3 of the Contract Agreement), the transportation charges are to be included in cost of materials in calculation of actual percentage to govern the price adjustment for bitumen(P_b), cement(P_c), steel(P_s) and other items used for execution of work as per IPC for that month or not.

The Contract Agreement typically envisages the following percentage to govern the price adjustment of the contract.

1. Labour - Pl	20%
2. Plant and Machinery and Spares - PP	20%
3. POL - Pf	10%
4. Bitumen-Pb	x%
5. Cement - Pc	y%
6. Steel - Ps	z%
7. Other materials - Pm	50-(x+y+z)%
Total	100%


The x, y, z are the actual percentage of material viz. bitumen, cement and steel respectively used for execution of work as per the Interim Payment Certificate for the month which is based, exclusively on the base rate and indices, prevailing 28 days (or one month in some contracts) prior to closing date of submission of bids.

Accordingly, the issue has been examined and it is clarified that the cost of transportation of material should not be included for working out the percentage of Cement, Steel and Bitumen component of work in calculating the price adjustment for these materials as per the provisions of the Agreements.

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Any excess payment made to contractors due to erroneous interpretation of price adjustment formula by including transportation cost, therefore, should be recovered from the contractor on immediate basis as per contract. This shall be ensured by all field units and Technical Divisions.

This issues with the approval of Chairman, NHAI.


(R.B.Sinha)
General Manager (CMC)

To

All Officers at HQ/ All ROs/ All PIUs/ All CMUs

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