

भारतीय राष्ट्रीय राजमार्ग प्राधिकरण

(सड़क परिवहन और राजमार्ग मंत्रालय)

National Highways Authority of India

(Ministry of Road Transport & Highways)

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No. 11041/16/2002/Admn.

Dated: December 31, 2002

POLICY MATTERS-ADMINISTRATION/FINANCE (31/2002)

(Decision taken on Finance Division File No.NHAI/F&A/2002/178)

Sub: Streamlining the procedure for approval of variations

Various orders and instructions have been issued from time to time regarding variations in Civil Works Contracts. A number of queries have been received from Technical Divisions/various PIUs seeking clarifications on some of the provisions of these orders/instructions. With a view to clarify the issues raised and also to consolidate all the orders/instructions issued so far, it has been decided to issue comprehensive instructions on the subject.

2. The revised procedures for approval of variations are as under-

- (i) **Variations in individual BOQ items:** The "Engineer" is authorized to issue variation order up to 1% of contract value.
- (ii) **New items (Non-BOQ items):** Before issuing orders to execute new items of work (non BOQ items) "Engineer" shall obtain technical approval from NHAI. The powers for granting technical approval shall be exercised at Headquarters as under:

Sr.	Item	CGM	Member	Chairman
1	Limit for each item	Rs.30 lakh	Rs.50 lakh	Full powers subject to overall delegation given to the Authority.
2	Limit in aggregate for entire contract	3% of contract value	5% of contract value including approvals at lower levels	Full powers subject to overall delegation given to the Authority.

(iii) **Determination of rate for new items and for BOQ items beyond the limits prescribed in the contract:**

- (a) In respect of new items/BOQ items beyond the limits prescribed, the rates may be determined in accordance with the clause 52 of the general conditions of the contract (FIDIC) or clause 38/39/40 of the general conditions of the contract (NCB) or equivalent, of the civil works contracts, as applicable for the specific contract.

S. Sengupta

- (b) Technical Division (at the level of the concerned Member) may examine the rate prescribed/determined by the 'Engineer' for its reasonableness and for its acceptance before putting up the proposal to the Variation Committee for an in principal approval of the variation.
 - (c) In case it is considered that the rates fixed by the Engineer are on higher side, NHAI may separately exercise the option of contesting as per the relevant contract conditions (such as DRB, Arbitration, etc.)
- (iv) **Overall Variations under Contract:** Subject to provisions under (i) (ii) & (iii) above, the "Engineer" is authorized to issue cumulative variations upto a limit of 10% of the original contract value (less negative variations/savings). The overall limit shall apply collectively on all BOQ items as well as non-BOQ items and shall include all the variations issued till that point of time including those approved otherwise than by the Engineer. The overall limit shall be exclusive of escalation.

3. However, where the limits prescribed at para 1 above restrict the powers of the "Engineer" that have already been defined in the respective civil works contracts, the "Engineer" may issue variation orders up to the limits prescribed in such civil works contracts.

4. **Variations beyond above limits:** Any variation beyond above limits (individual items and overall variations) shall be approved by the "Variation Committee" comprising Chairman, Member (Finance) and the Member/CGM of the concerned Technical Division.

5. All variations approved for each contract shall be intimated by the Project Director to the concerned Technical Division at Headquarters in the prescribed format (*Annexure I*) on a quarterly basis. Concerned Technical Division shall compile the details and submit for the information of Chairman and Member (Finance), NHAI.

6. **These instructions shall be effective from 16th May 2002** and accordingly, the Policy Circular no. Technical(02/2002) issued vide circular no.11041/16/2002-Admn dated 16th May 2002 stands superseded.

7. **Order dt 2nd March 2000:** As regards the office order no.11041/6/2000-Admn dated 2nd March 2000, the delegations under serial no. (1) of the said order for civil works contracts will stand modified in accordance with the procedure prescribed above. However, the other procedures and delegation as per serial no. (2) and (3) of the said order will remain unaltered, and are reproduced as below:

- 7.1 a) Revised Cost Estimates should be prepared and submitted to HQs at appropriate time as per the guidelines of MOST for obtaining the sanction of the Competent Authority.
- b) Monthly information on variations should be reported to the Finance Division and concerned Technical Division at HQ (Ref Para 5 above).

S. Srekanthan

- c) No variation shall be approved unless recommended by the Engineer. The Engineer should explain the Financial Implications alongwith detailed reasons and justification. The Engineer should furnish the following information and details alongwith the proposal.
- (c.1) Vouchers and proper quotations in support of the market rates.
 - (c.2) Analysis of rates should be self-explanatory and supported by proper drawings.
 - (c.3) Recommendations given should be self-explanatory and nomenclature of the items should also be properly worded.
 - (c.4) Copy of analysis of rate given by the contractor.

7.2

Sr.	Item	Delegation Approved			Remarks
		Project Director (Not below the rank of DGM)	CGM	Member	
1	Approval to sub-contract any part of the works	NIL	Full powers up to the limit specified in contracts	Full powers up to the limit specified in contracts	Chairman- Full powers up to the limit specified in contracts
2	Removal and replacement of staff of the consultant	Full powers for domestic other/support staff	Full powers for key staff (excluding Team Leader)	Full powers for key staff (excluding Team Leader)	Chairman- Full powers for all the staff including Team Leader/do mestic key staff

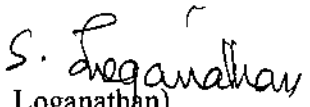
8. Future Contracts: In the contracts to be signed in future, the above clauses may be incorporated at appropriate places.

Care may also be taken by all divisions to ensure that provisions contained in the contract agreements with the Supervision Consultant and the civil work contractor are in consonance. Further, sub-clause 2.1 defining "Engineer's" Duties and Authority may invariably be included in the conditions of Particular Application (Special Conditions of Contract) as under:

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- (1) 'The Engineer shall obtain the specific approval of the Employer before taking any of the following actions.'
- (a) consenting to the subletting of any part of the works under clause 4;
 - (b) certifying additional cost determined under clause 12;
 - (c) determining an extension of time under clause 44;
 - (d) ordering suspension of works;
 - (e) issuing a variation under clause 51, except;
 - (i) in an emergency situation, as reasonably determined by the Engineer; or
 - (ii) when such variation would increase the Contract Price for an individual item by less than 1% of contract value and such cumulative variations add upto less than 10% of Contract value including the effect of variation in quantities in the existing BOQ items.
- (2) "Notwithstanding the obligation, as set out above, to obtain approval, if, in the opinion of the Engineer for reasons to be recorded in writing, an emergency occurs affecting the safety of life or of the works or of adjoining property, he may, without relieving the Contractor or any of his duties and responsibilities under the Contract, instruct the Contractor to execute all such work or to do all such things as may, in the opinion of the Engineer, be necessary to abate or reduce the risk. The Contractor shall forthwith comply, despite the absence of approval of the Employer, with any such instruction of the Engineer. The Engineer shall determine an addition to the Contract Price, in respect of such instruction, in accordance with clause 52 and shall notify the Contractor accordingly, with a copy to the Employer."

9. This issues with the approval of Chairman, NHAI.


(S. Loganathan)
General Manager (Admn.)

All Members/CGMs/CVO/CPD
All GMs/DGMs/Managers
All PIUs/CMUs

Copy to:
PS to Chairman
Librarian/Hindi Officer

भारतीय राष्ट्रीय राजमार्ग प्राधिकरण

(जल-भूतल परिवहन मंत्रालय)

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Ref. No.

दिनांक / Dated

110-11/6/2000-Admn.

2nd March, 2000

OFFICE ORDER

Sub: Delegation of powers for managing Civil Works and Supervision Consultancy Contracts.

The following guidelines/delegation of powers with regard to procedures to be followed for efficient and effective management of Civil Works Contracts and Supervision Consultancy Contracts are conveyed for compliance. All powers delegated are subject to the overall delegation given to the authority by the Government in respect of variations in the approved cost estimates of projects.

S. No.	Item	Delegation approved			Remarks
		Project Director (Not below the rank of DGM)	CGM	Member	
Civil Work Contracts					
1.	Variations limit in aggregate subject to the limits mentioned below at para 1.1 for different types of variations.	3% of contract value	7% of contract value including approvals at lower level.	10% of contract value including approvals at lower level.	Chairman - full powers subject to overall delegation given to the Authority.
1.1	Limits for different types of variations				
	(a) New items (extra or additional items) and substituted items				
	limit for each item	Rs. 5.0 lakhs	Rs. 30 lakhs	Rs. 50 lakhs	Chairman-Full Powers subject to overall delegation given to the Authority.
	limit in aggregate for entire contract	1% of contract value	3% of contract value including approvals at	5% of contract value including approvals at lower level.	Chairman-Full Powers subject to overall delegation given to the Authority.

(b) Existing items				
(i) Limit for each item	Rs. 25 lakhs	0.5% of contract value including approvals at lower level.	1% of contract value including approvals at lower level.	Chairman-Full Powers subject to overall delegation given to the Authority.
(ii) Limit for entire contract	3% of contract value.	7% of contract value including approvals at lower level.	10% of contract value including approvals at lower level.	Chairman-Full Powers subject to overall delegation given to the Authority.

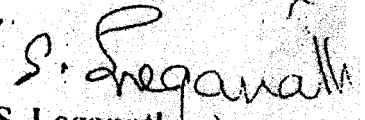
NOTE:

1. Revised Cost Estimates should be prepared and submitted to HQs at appropriate time as per the guidelines of MOST for obtaining the sanction of the Competent Authority.
2. Monthly information on variations should be reported to the Finance Division and concerned Technical Division at HQ.
3. No variation shall be approved unless recommended by the Engineer. The Engineer should explain the Financial Implications alongwith detailed reasons and justification. The Engineer should furnish the following information and details alongwith the proposal.
 - 3.1 Vouchers and proper quotations should be submitted in support of the market rates.
 - 3.2 Analysis of rates should be self-explanatory and supported by proper drawings.
 - 3.3 Recommendations given should be self-explanatory and nomenclature of the items should also be properly worded.
 - 3.4. Copy of analysis of rate given by the contractor.
4. In order to avoid delays in the sanction of variations, it should not be necessary for the Project Director to completely exhaust his powers before sending the cases to Member/CCGM. He should set aside some amount for sanction of extra/substituted items of small monetary value arising towards the end of the work under his own powers.

2.	Approval to sublet any part of the works	NIL	Full Powers upto the limit specified in contracts	Full Powers upto the limit specified in contracts	Chairman - Full Powers upto the limit specified in contracts
3.	Removal and replacement of staff of the consultant	Full Powers for domestic other/support staff	Full Powers for key staff (excluding Team Leader)	Full Powers for key staff (excluding Team Leader)	Chairman - Full Powers for all the staff including Team Leader and expatriate/domestic key staff.

2. The guidelines contained in the Office Order No.14037/1/96/COS dated 20th November, 1996 issued in respect of Central Project Unit (PU) for ADB NH Project (Loan No.1274-IND) shall stand modified to the extent indicated above.

This issues with the approval of Board of NHAI.



(S. Loganathan)

General Manager (Admn.)

1. EA to Chairman.
2. PS to Chairman
3. PS to Member (PI)
4. PA to Member (Fin.)
5. PA to Member (Admn.)
6. PS to Member (Tech.)
7. CGM (Tech.)
8. CGM-cum-CE (WB)
9. GM(Fin.)
10. DGM(Admn.)
11. Project Director, All PIUs
12. Office Order File.