



भारतीय राष्ट्रीय राजमार्ग प्राधिकरण

(सड़क परिवहन और राजमार्ग मंत्रालय)

National Highways Authority of India

(Ministry of Road Transport and Highways)

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No.11041/218/2007-Admn

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29th May, 2012

POLICY MATTERS-TECHNICAL (103/2012)

(Decision taken on File No. 11014/12/2001/Tech/GM(WB))

Sub: Payment of Escalation on Material Advance.

Reference has been received regarding Payment of Escalation on Material Advance whether to be made on value material in escalation formulae "R" for which material advance paid to be considered 75% (actual advance paid to the Contractor) or 100% of material value.

2. Generally Clause 70.3 (C) of the contracts deals with price adjustment formulae. Typically as an illustration the "R" is defined as under:-

"R = Total value of work done during the month. It would include the value of materials on which secured advance has been granted, if any, during the month, less the value of materials in respect of which the secured advance has been recovered if any, during the month. This will exclude cost of work on items for which rates were fixed under variations clause (51 and 52) for which the escalation will be regulated as mutually agreed at the time of fixation of rate."

3. The issue has been deliberated and it is found that for calculation of the value of R prescribes the value of materials (and not value of secured advance against the material) on which secured advance has been granted/recovered, if any, for that month should be included/ deducted for that month.

4. Also all PIUs/Field Units should ensure that, while calculating the payment on account of price adjustment, correct indices (i.e. the source of publication of such indices) as mentioned in the Civil Works Contracts should be used. Any other indices (i.e. published from a different source) not mentioned in the Civil Works Contracts should not be used.

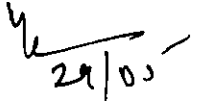
5. The above may also be brought to the notice of all the 'Engineers' under various contracts with such provision.

6. This applies for all contracts where such provision exists and will supersede the Policy Circular no 66/2003 dated 15/12/2003 or any such interpretation.

contd.2/-

7. All Divisions/Field Units are required to comply with this and payment in contracts with such provision should be made accordingly.

8. This issues with the approval of Chairman.


29/05

(V.K.Sharma)

Chief General Manager (Coord./LA)

To,

All officers and employees of HQ/ZO/ROs/PIUs/CMUs/Site Offices